

**NOMINATIONS OF EUGENE MOOS, JAMES S.
GILLILAND, AND ELLEN W. HAAS**

4. AG 8/3: S. HRG. 103-201

Nominations of Eugene Moos, James S...

...RING

BEFORE THE

**COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY
UNITED STATES SENATE**

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

THE NOMINATIONS OF EUGENE MOOS, OF WASHINGTON TO BE UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS, AND A MEMBER OF THE BOARD OF DIRECTORS OF THE COMMODITY CREDIT CORPORATION; JAMES S. GILLILAND, OF TENNESSEE, TO BE GENERAL COUNSEL; AND ELLEN W. HAAS, OF NEW YORK, TO BE ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES, AND A MEMBER OF THE BOARD OF DIRECTORS OF THE COMMODITY CREDIT CORPORATION

MAY 11, 1993

Printed for the use of the
Committee on Agriculture, Nutrition, and Forestry



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NOMINATIONS OF EUGENE MOOS, JAMES S. GILLILAND, AND ELLEN W. HAAS

TUESDAY, MAY 11, 1993

UNITED STATES SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY,
Washington, DC.

The committee met, pursuant to notice, at 2:38 p.m., in room SR-332, Russell Senate Office Building, Hon. Patrick J. Leahy (chairman of the committee) presiding.

Present: Senators Leahy, Conrad, Lugar, Cochran, Grassley, Craig, and Feingold.

The CHAIRMAN. The committee will come to order.

We have three nominations this afternoon, Eugene Moos, of Washington, nominated to be Under Secretary for International Affairs and Commodity Programs; Mr. James Gilliland, of Tennessee, nominated to be General Counsel; and Ms. Ellen Haas, of New York, nominated to be Assistant Secretary for Food and Consumer Services.

I know that the Speaker is coming over to introduce Mr. Moos, and while we are waiting, for the forbearance of the other Members, we have the two distinguished Senators from Tennessee here. Perhaps we could begin with their statements, if they would then be willing to yield when the Speaker arrives.

Senator Sasser.

STATEMENT OF HON. JAMES SASSER, A U.S. SENATOR FROM TENNESSEE

Senator SASSER. Thank you, Mr. Chairman. Of course, I will be pleased to yield, should the speaker arrive during my statement.

It is a great pleasure for me today, Mr. Chairman, to join with my colleague Harlan Mathews of Tennessee in presenting our fellow Tennessean and long-time friend Jim Gilliland to the Committee on Agriculture.

As you know, Mr. Gilliland has been nominated to serve as General Counsel to the Department of Agriculture, and I want to give his nomination my wholehearted endorsement. His extensive legal expertise and his broad knowledge of the agricultural sector will serve the administration and the President, I think, in good stead.

If I could just state very briefly, I have known Jim Gilliland for many, many years. He is a graduate of my old alma mater, Vanderbilt Law School, where he was associate editor of the Law Review. He was the outstanding graduate in his class. He served with great distinction as an officer in the United States Navy.

He has been a distinguished lawyer at the Memphis Shelby County bar for many years. He served as chairman of the board of LeMoyne-Owen College in Memphis, and his list of community achievements and other achievements are really almost too long to mention here.

I just want to say, Mr. Chairman, that should this committee confirm him and should he be confirmed by the whole Senate, and I am confident he will be, he will serve I think with great distinction and reflect credit not only on the Department of Agriculture, but on President Clinton and his administration.

I thank you for letting me appear here this afternoon and make this statement.

The CHAIRMAN. I thank you very much. You have already spoken to me about Mr. Gilliland, and I appreciate your being here. I know you have conflicting committee meetings this afternoon, so I will not hold you here.

As I noted earlier, the Speaker has joined us and we will withhold for a moment in deference to our distinguished colleague and leader from the other body. Mr. Speaker, the floor is yours, wherever you would like to sit. You are the proverbial 900-pound gorilla here. [Laughter.]

I should note for the record that when I first came here as the most junior member of this committee and would sit in on conferences on this committee, the Speaker was then chairman of the House Agriculture Committee. He has left the chairmanship of that and gone on to great national and international prestige.

I have stayed here and toiled in relative obscurity. We have both watched our hair grow white, but that is the only thing we have in common in terms of clout in this body.

Mr. Speaker, I yield to you, sir.

STATEMENT OF HON. THOMAS S. FOLEY, SPEAKER OF THE HOUSE, A REPRESENTATIVE IN CONGRESS FROM THE FIFTH CONGRESSIONAL DISTRICT, STATE OF WASHINGTON

Mr. FOLEY. Thank you very much, Mr. Chairman.

I certainly am delighted to be here today. Senator Lugar and members of the committee, it seems like old times to be in this committee room, where I spent so many days and hours as chairman of the Agriculture Committee in conference with the Senate.

When I had my first opportunity, as the subcommittee chairman of Agriculture in the House to be the head of the House delegation to a conference committee, I was told privately that the then-chairman of the Senate Agriculture Committee, Senator Talmadge of Georgia, would put up a fight for a day or so, but then would be happy to recede to the House on all the major issues. [Laughter.]

So under the unfortunate misconception of that advice, I came forward and pushed hard for the House position. After several days, it was I who receded to the Senate.

I do appreciate this opportunity to be here today, Mr. Chairman, and it is a special pleasure to appear before the committee to introduce and support the nomination of an old friend of mine, Gene Moos, of Edwall, Washington. During the more than 30 years I

have known Gene, he has been a constant counselor and advisor to me on all matters relating to agriculture.

He has operated a family wheat and barley farm in Edwall, Washington, where his family is well known in Lincoln County. He first came to Washington, DC to serve as my senior advisor when I was chairman of the Committee on Agriculture and remained as my top agriculture and trade specialist for many years.

His experience ranges across a broad spectrum from the day-to-day knowledge of a farm operator to one who has dealt with the widest-ranging problems of international commodity affairs and concerns of agriculture as our greatest export and one of our most important economic sectors.

He has brought to the public sector not only this experience as an individual farm operator, but one who has also achieved national and international stature by his election to the position of chairman of the Western Wheat Associates, president of the Washington Association of Wheat Growers, and the wheat industry advisor to the U.S. delegation in the International Wheat Negotiating Conference in Geneva in 1971.

He became president of the National Association of Wheat Growers and served as their international trade advisor for four years. He was the first President and founding member of the East-West Trade Council and advisor to the U.S. delegation of the World Food Conference in Rome in 1974. He was a member of the Agricultural Policy Advisory Committee of the Department of Agriculture, in the Office of the U.S. Trade Representative. He was advisor to the U.S. delegation at the Multilateral Trade Negotiations in Geneva in 1975.

Gene Moos understands a broad range of agriculture and international trade issues and policy, and I know that his experience in the private sector, where he served recently as president of Gene Moos & Associates in Washington, DC, will stand him in great stead in this new and very critical responsibility.

Those of us who are familiar with the Department of Agriculture know that the Under Secretary of Agriculture for International Affairs and Commodity Programs is one of the really central and key positions in the Department. It is the one on which the Secretary must depend to have the broad experience, the knowledge and the ability to deal with the most delicate and far-reaching problems of the Department and its relationship to international trade, to domestic agricultural production and performance.

I am confident that there could be no better choice that the President could make or the Secretary could recommend to the President than Gene Moos, of Edwall, Washington. I am very proud and happy to support his appointment and to introduce him to the committee today.

The CHAIRMAN. Mr. Speaker, I appreciate that very much. Again, it is our pleasure and honor to having you come over here. This is the first time any committee that I have served on, where the Speaker has been one of the introducers of somebody to be up for confirmation, and I appreciate it.

Mr. FOLEY. Mr. Chairman, may I also say how pleased I am with the nomination of Mr. Gilliland and Ms. Haas, who I think are also

superbly qualified for the positions for which they have been nominated.

At the risk of overburdening the committee with my recommendations, I would hope that all of them would receive your favorable attention.

The CHAIRMAN. Thank you very much.

Mr. Speaker, I know you have a million other things to do and certainly——

Mr. FOLEY. I have your permission to leave the ship?

The CHAIRMAN. It was early Sunday morning when the statute came off the——

Mr. FOLEY. Yes, that is one of the things that Congress has done really well this year. [Laughter.]

The CHAIRMAN. The test will be whether we can put it back up there. [Laughter.]

Senator Mathews, I appreciate very much your forbearance in yielding to the Speaker, and I recognize you, sir.

STATEMENT OF HON. HARLAN MATHEWS, A U.S. SENATOR FROM TENNESSEE

Senator MATHEWS. Thank you, Mr. Chairman.

I am delighted this afternoon to join my colleague Jim Sasser in presenting to this committee an old friend from Memphis, Jim Gilliland.

Like many people, I was pleased, but not really surprised when we first learned of his nomination, because his was an outstanding selection by the administration.

Jim is one of those people who does well at whatever task he has at the time and then moves on to excel in other areas. He seems to move to the top of everything he does. He started out by being selected as valedictorian of his senior class in high school, was Phi Beta Kappa in college, and made the Law Review at Vanderbilt University. He was selected by his law school peers as the most outstanding member of the class. When he moved into the real world, he was selected by his fellow lawyers as the outstanding lawyer at the bar. So it just seems he knows how to get things done.

The city of Memphis elected its first black mayor two years ago—the first black mayor in the history of that entire area. There was some concern for a period of time as to what the reaction of the community and the people there would be. All thoughts and concerns were allayed in a very short time, because the mayor asked Jim if he would serve as chairman of the transition team. He knew who to call on and, when he did, the job was well done. The city is a growing and thriving community and people are pleased, and we are making progress as we have not in a long, long time, I am proud to say.

The Department of Agriculture is undergoing some change and is facing both internal and external scrutiny. It is at times like this when I am sure the administration will find that Jim Gilliland will be able to render some invaluable service.

There are some things going on in the Department that I think Jim has some unique capabilities to handle. This committee will

deal with water quality initiatives in the Department and resource management in the forestry area. There are any number of challenges that the USDA must face, and it is fortunate that we have a person of Jim's ability to lead us at this time.

You know, one of the things I ought to mention to this committee and one of the things that makes Jim stand out in my mind is, when Bill Clinton and Al Gore were fishing around for a team, Jim didn't start running up with a piece of paper in his hand and say, look, how about counting me in, I am available. They thought of Jim and they turned to him and said will you consider joining us and helping us make this a viable and a productive Department.

He did, and I am pleased to present him. One of his best assets is his wife Lucia, who I have worked with for a number of years in Tennessee in the Governor's office. Lucia and his son are with him here, and I would like to present them to the committee.

Mr. Chairman, we in Tennessee are losing, temporarily, one of our most distinguished and able lawyers, and if he is confirmed by this committee and by the Senate, the country will be the beneficiary.

I join the Speaker in saying I have had the pleasure of meeting the other two nominees and I want to recommend them to the committee, also.

Thank you, sir.

The CHAIRMAN. Senator Mathews, I thank you very much and I appreciate your taking the time to be here. I also know that, like Senator Sasser, you have conflicting appointments and I appreciate you taking this much time to come here.

We have one more introduction. The District of Columbia does not have U.S. Senators and, thus, not a hometown Senator to make the introduction. But I have worked with Ellen Haas for a long time and she is no stranger to me nor to the committee, and it is with a great deal of pride that I introduce her to the committee. That may give everybody here give some indication of how my vote is leaning on her confirmation. She has become a leading spokesperson on food and nutrition programs in her years as Executive Director of Public Voice for Food and Health Policy. She played a major role regarding many issues, including a need for a comprehensive fish inspection program, the important link between nutrition and health, the need for better labeling of foods, the merits of sustainable agriculture, and the nutritional status of the rural poor.

And her research papers on such issues as seafood safety, biotechnology, the use of food stamps at farmers markets, infant health in rural America, and the inadequacy of food stamps in rural counties because of high food costs have all been helpful to Congress.

Before Public Voice, she was President of the Consumer Federation of America, and prior to that Director of the Consumer Division of the Community Institute. I will tell you a fact that few of you will know, and I want to make absolutely sure that Senator Boren's staff gets this to him: After graduation from the University of Michigan, she taught 11th grade history in Oklahoma. I have his proxy in my pocket. [Laughter.]

Members of this committee know the importance I have placed on addressing hunger in America, and on improving the nutritional health of America's children. I have placed no higher priority than on nutrition and hunger issues in the years I have been chairman of this committee or as a member of this committee.

I am pleased that this committee, with the help of so many on both sides of the aisle, Senators Lugar, Dole, McConnell, Senator Cochran, Senator Conrad, actually everybody at this table has worked on nutrition matters. We have kept it out of the realm of partisan politics probably more than any other matters that have been before this committee since I have been here.

I am so happy that you are here and I would hope that you will work very closely with both Republicans and Democrats alike on this committee in those areas.

I yield to Senator Lugar.

Senator LUGAR. Thank you very much, Mr. Chairman.

I have a short introductory statement. I look forward, as I know you do, to hearing from our nominees. Today, we consider nominations of individuals to serve in three of the most important positions in the Department. These three positions have day-to-day influence over programs that directly impact the lives of millions of Americans and indirectly impact many more.

The Under Secretary for International Affairs and Commodity Programs has under his jurisdiction all of the domestic commodity price support, storage and disaster assistance programs and the foreign promotion, marketing and development programs within the Department. These are areas of great importance to farmers and ranchers of this Nation.

The Assistant Secretary for Food and Consumer Services has jurisdiction over the vitally important USDA food and nutrition programs such as the School Lunch Program, the Food Stamp Program, and WIC. Millions of Americans depend upon the assistance provided by these programs.

And USDA General Counsel is responsible for the legal management of all of the programs and policies of the entire Department.

The importance of these programs falling within the jurisdiction of these nominees should not be minimized, but all of us on the committee are charged with more. We are charged with seeing that these programs are operated in the most efficient possible manner. And as time goes by, increased program demands will be placed on USDA, leading to a corresponding increase in funding requirements.

However, money to fund the new programs and expansions of existing programs will continue to be very hard to find. Indeed, the committee will soon be under instructions in the reconciliation process to give back some resources we thought we had.

Long gone are the days when Congress could merely throw money at a problem and hope it could be corrected. Instead, today we must look for resources that are not being deployed efficiently or correctly, and that is why I feel it is so important to move forward in the restructuring of USDA.

Each of the three nominees today and those who are joining them in the administration have the remarkable opportunity within your jurisdictions singly and collectively to restructure and

to reshape the Department of Agriculture into an entity that is prepared to tackle the challenges of the remainder of this century and the one to come.

That change will not be easy and in many ways the odds are stacked against you. Years of management and inattention have created situations where the entrenched interests may in some cases be stronger than the leadership, namely, yourselves as nominees in these departments. But inaction or postponed action will perpetuate the status quo and surreptitiously avoid addressing the difficult issues.

As a result, Mr. Chairman, I am prepared to support the expeditious confirmation of these nominees. I believe that they are all very well qualified and I want to get them on the job, so that restructuring can proceed without further delay.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

I should note for the permanent record, referring to the Senators around the table whom I have enjoyed working with on hunger and nutrition matters, of course, includes Senators Grassley and Craig and Feingold, who are also here. This has been the committee where I think people come looking for help on hunger and nutrition issues.

Could I ask the three of you to please stand and raise your right hand: Do you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. Moos. I do.

Mr. GILLILAND. I do.

Ms. HAAS. I do.

The CHAIRMAN. Please be seated.

Mr. Gilliland, do you have members of your family here with you today?

Mr. GILLILAND. Senator, I do. Senator Mathews just introduced my wife Lucia and my son Jim, right here.

The CHAIRMAN. Thank you. As I told other people who have been here for confirmation hearings, some day in the dusty old archives you may be taking out this transcript and it is kind of nice to note they are there.

Ms. Haas, do you have family?

Ms. HAAS. Yes, I have my daughter Lisa and my son Jason over here.

The CHAIRMAN. Lisa and Jason, we are delighted to have you here.

Mr. Moos?

Mr. Moos. Yes, I have my wife Susan sitting here.

The CHAIRMAN. It is nice to have you here.

We will start with you, Mr. Moos, with the traditional questions. [Mr. Moos' biographical and financial data follow:]

BIOGRAPHICAL INFORMATION

1. Full Name (include any former names used).

Eugene Moos

2. Address: List current place of residence and office address (es). List all office and home telephone numbers where you may be reached.

Residence: #6-Seventh S.E.
Washington, D.C. 20003
202/543-7419

Office: Room 205E, Administration Bldg.
14th & Independence Avenue
Washington, D.C. 20250
202/720-3111

3. Date & Place of Birth.

Born June 9, 1925 at Sprague, Washington

4. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address(es).

Married to Susan Bell Moos, House of Representatives staff person presently serving as Rep. Thomas S. Foley's Administrative Assistant.

Office: 1201 Longworth HOB
Washington, D.C. 20150
202/225-2006

5. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

Graduated from Washington State University in 1948, with a B.S. in Agricultural Chemistry.

6. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

Operated family grain farm at Edwall, Washington from 1948 until 1975. During that period, served as President and/or director; Edwall Grain Growers Coop., a local grain

marketing cooperative; Edwall Livestock Coop., a local swine producing cooperative; Edwall Chemical Corp., a local fertilizer and farm chemical supplier; Washington Association of Wheat Growers, state wheat producers group; Western Wheat Associates, overseas marketing arm of Pacific Northwest wheat producers; National Association of Wheat Growers, national wheat producers group.

1975-1988--Served as agricultural staff assistant to Rep. Thomas S. Foley

1975-1980--Served as senior agricultural staff assistant to House Agricultural Committee Chairman

1981-1986--Served as Staff Director House Agricultural Subcommittee on Wheat, Feed Grains, and Soybeans

1986-1988--Served as Senior Agricultural Staff Assistant to House Majority Leader

1988-1989--Partner, and Vice President of Leshner, Russell and Moos, Inc., a agricultural consulting firm

1990-1993--Organized and served as President of Gene Moos & Associates, a agricultural/trade consulting firm

7. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

Yes. Served in U.S. Navy as naval air cadet, starting training in 1944. Serial number 892-60-14. Received honorable discharge on September 1945.

8. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

Only government service was as U.S. House of Representatives staff person from 1975 to 1988.

9. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

None.

10. Other Memberships: List all organizations to which you belong, excluding religious organizations.

Washington State Grange, Washington Association of Wheat Growers, Lambda Chi Alpha Fraternity, Free & Accepted Masons, and Congressional Awards Foundation.

11. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

None.

12. Health: What is the present state of your health?

Health is excellent. Last annual physical--February 3, 1993.

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

Yes.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, incomplected contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

Retirement Annuity from OPM (U.S. House of Representatives). Approximate amount--\$25,000 per year.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation).

Yes. I own approximately a one-third interst(176 shares) in WOMCO, a family-held sub-chapter S farm corporation located near Edwall, Washington. WOMCO, which was incorporated with 548 shares, owns 548 acres of wheat land. The sub-chapter S corporation was formed by my sister and myself to gift our interest in the family farm to our respective children. To date, I have divested myself of 100 shares of WOMCO, and will continue to divest my remaining interest at the rate of twenty shares per year, (ten shares each year to my two daughters).

The WOMCO farm land is cash-rented to LAMCO, a family farm corporation located near Edwall, Washington. LAMCO is owned by my cousin Lester A. Moos, Edwall, Washington, Telephone number--509/236-2313.

4. Have you, or any partnership or closely held corporation in which you have an interst, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

WOMCO has participated in the Federal wheat and feed grain deficiency payment programs each year during the last five years. Annual deficiency payment amounts are as follows: 1988-\$3,553; 1989-\$2,108; 1990-\$6,748; 1991-\$7,489; and 1992-\$5,362.

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Farmers Home Administration? (If yes, give details of any such loan activity during the past five years.)

No.

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

No.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

No.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details)

No.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

No.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

I do not believe I have any investments, obligations, liabilities, or other relationships which involve conflicts of interest in the position to which I have been nominated.

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?

No.

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

If confirmed, I will to the best of my ability, avoid any potential conflict of interest.



United States
Office of Government Ethics
 1201 New York Avenue, NW., Suite 500
 Washington, DC 20005-3917

May 7, 1993

The Honorable Patrick J. Leahy
 Chairman
 Committee on Agriculture, Nutrition and Forestry
 United States Senate
 Washington, DC 20510-6000


Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Eugene Moos, who has been nominated by President Clinton for the position of Under Secretary of Agriculture for International Affairs and Commodity Programs and as a Member of the Board of Directors of the Commodity Credit Corporation.

We have reviewed the report and have also obtained advice from the Department of Agriculture concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is copy of Mr. Moos' ethics agreement.

Based thereon, we believe that Mr. Moos is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,


 Stephen D. Potts
 Director

Enclosures



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

May 4, 1993

Honorable Stephen D. Potts
Director
Office of Government Ethics
Suite 500
1201 New York Avenue, N.W.
Washington, D.C. 20005

Dear Mr. Potts:

The purpose of this letter is to outline the steps which I intend to take in order to assure that no conflict of interest will arise between my personal financial interests and the duties I will perform if confirmed to serve as Under Secretary of Agriculture for International Affairs and Commodity Programs, and as a Member of the Board of Directors of the Commodity Credit Corporation (CCC).

Since January of 1990, I have served as President of Gene Moos and Associates, a consulting firm located in Washington, D.C. In that role, I have provided consulting services to clients with respect to agricultural programs and issues. As reflected on my SF 278, Financial Disclosure Report, I have resigned as President of Gene Moos and Associates. In order to avoid any conflict of interest, I hereby pledge as well to dissolve that firm upon my confirmation to serve in the positions for which I have been nominated.

I also have an interest in approximately 548 acres of farmland located in Lincoln County in the State of Washington. The land is held by Womco, Inc., a subchapter S corporation in which I have served as President and Chairman on an unpaid basis. Over a period of years, I have made gifts to each of my two adult children of shares of stock in the corporation, and my personal interest therein has thus declined substantially. The land held by the corporation is leased on a long-term, cash rent basis, to a cousin who conducts farming operations thereon. The rental amounts paid to the corporation under the lease are based upon the value of the land, and rental values for comparable lands in Lincoln County, and not upon the profitability of the farming operations conducted on the land or upon whether or not such lands are enrolled in USDA's farm price support or other programs.

As Under Secretary for International Affairs and Commodity Programs, and as a Member of the Board of Directors of the CCC, I will have direct responsibility for implementation of USDA's

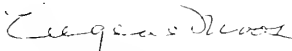
domestic commodity and international agricultural programs. It is extremely important, therefore, that I take steps to assure that I have no interest in any farming operation which may be enrolled in or regulated under such programs. I have resigned as President and Chairman of Womco, Inc., and, while I will retain some ownership interest in the stock of that corporation, neither I nor the corporation is now engaged in farming operations or will be during my tenure in the positions for which I have been nominated. Further, I believe that the cash lease arrangement under which the corporation's lands are presently farmed assures that any and all income received by the corporation, or by me, is based solely upon the value of the lands owned by the corporation.

In order to assure that no actual or apparent conflict of interest arises as a result of my continued ownership interest in the farmland discussed above, I hereby pledge as well to recuse myself from participation in any particular matter which may arise within the Department involving or affecting the farming operation conducted on lands owned by Womco, Inc., or involving or affecting any other farming operation in Lincoln County, Washington.

Finally, I have ownership interests in several securities accounts, the assets of which include shares of stock in numerous corporations. One of these accounts until recently held shares of the High Plains Corporation, which buys and uses various grains for the production of fuel-grade ethanol, and sells high-protein grains for use as livestock feed. I have already sold my shares of stock in the High Plains Corporation, and I believe that no other stock interest which I presently own raises any potential for a conflict of interest or any appearance thereof.

I believe that the steps which I have agreed to take, as outlined above, will assure that no actual or apparent conflict of interest will arise between my personal financial interests and the duties I will perform if confirmed to serve as Under Secretary for International Affairs and Commodity Programs, and as a Member of the Board of Directors of the CCC.

Sincerely,



Eugene Moos
Under Secretary-Designate

Executive Branch Public Financial Disclosure Report

Form 278e (Rev. 9/91)
U.S. Office of Government Ethics
1-800-457-7274 (Toll Free)

| | | | | | | | | | |
|---|--|---|--|--|--|--|--|------------------------------|--|
| Reporting Status (Select One) | | Calendar Year Covered by Report | | Date of Appointment, Election, Termination, or Nomination (Month, Day, Year) | | Termination Date (If Applicable) (Month, Day, Year) | | Agency Use Only | |
| <input type="checkbox"/> Incumbent <input checked="" type="checkbox"/> New Entrant <input type="checkbox"/> Candidate | | 1992-93 | | Eugene (VMM) | | | | OGGE Use Only 1992 - 1993 | |
| Reporting Individual's Name | | Last Name | | First Name and Middle Initial | | | | | |
| | | NIOOS | | Eugene | | | | | |
| Position for Which Filing | | Title of Position | | Department or Agency (If Applicable) | | | | | |
| | | Under Secretary for International Affairs and Connectivity Programs | | USDA | | | | | |
| Location of Present Office (or previous address) | | Address (Number, Street, City, State, and ZIP Code) | | Telephone No. (Include Area Code) | | | | | |
| | | #6-7th St. SE, Wash. DC, 20003 | | (202) 543-7419 (202) 451-1145 | | | | | |
| Positions Held with the Federal Government During the Preceding 12 Months (If Not Discussed Above) | | Title of Position(s) and District Held | | | | | | | |
| | | None | | | | | | | |
| Principal of Nominee Subject to Nominative Confirmation | | Name of Congressional Committee Considering Nomination | | Do You Intend to Create a Qualified Domestic Trust? | | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | |
| | | Agriculture, Nutrition and Forestry | | | | | | | |
| Contributions | | Signature of Reporting Individual | | Date (Month, Day, Year) | | | | | |
| I, <u>Eugene Moore</u> , declare that the information I have made on this form and all attached schedules are true, correct, and complete to the best of my knowledge and belief, and I understand that any false or misleading information may result in criminal and civil penalties. | | | | 3/1/93 | | | | | |
| Other Reviewer (If declared by agency) | | Signature of Other Reviewer | | Date (Month, Day, Year) | | | | | |
| | | | | | | | | | |
| Agency's Either Official's Opinion | | Signature of Designated Agency Ethics Official/Reviewing Official | | Date (Month, Day, Year) | | | | | |
| The information contained on this report discloses no conflict of interest under applicable laws and regulations. | | Larry B. Gangle | | 5-4-93 | | | | | |
| Office of Government Ethics Use Only | | Signature | | Date (Month, Day, Year) | | | | | |
| | | Stephen B. Rosta | | 5-7-93 | | | | | |
| Comments of Reviewing Officials (If additional space is required, see reverse side of this report) | | <p>7/1/93</p> <p>01:00:00</p> | | | | | | | |

Do not check box if information is not required on the reverse side. 278e-111

Reporting Individual's Name

SCHEDULE A

Page Number

3

Assets and Income

BLOCK A

Valuation of Assets at close of reporting period

BLOCK B

Income: type and amount. If "None (or less than \$200)" is checked, no other entry is needed in Block C for that item.

BLOCK C

| Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period | None (or less than \$1,001) | Amount | | | | | | | | | | Date (Mo., Day, Yr.) Only if "Other" specified | | | | | | | |
|--|-------------------------------|------------------|-------------------------|--------------------------|-----------------------|----------------------|---------------------|--------------------|-------------------|-------------------------|---------------------------|---|---------------------------|---------------|-----------------------|----------------------|---------------------|--------------------|-------------------|
| | | Over \$1,000,000 | \$500,001 - \$1,000,000 | \$250,001 - \$500,000 | \$100,001 - \$250,000 | \$50,001 - \$100,000 | \$15,001 - \$50,000 | \$5,001 - \$15,000 | \$2,501 - \$5,000 | \$201 - \$1,000 | None (or less than \$201) | | | | | | | | |
| Identify each asset or source of income which generated over \$200 of income during the reporting period | None <input type="checkbox"/> | Type | | | | | | | | | | Other (Specify Type) | None (or less than \$201) | Actual Amount | | | | | |
| | | Qualified Trust | Excepted Trust | Excepted Investment Fund | Capital Gains | Interest | Rent and Royalties | Dividends | Over \$1,000,000 | \$500,001 - \$1,000,000 | \$250,001 - \$500,000 | | | | \$100,001 - \$250,000 | \$50,001 - \$100,000 | \$15,001 - \$50,000 | \$5,001 - \$15,000 | \$2,501 - \$5,000 |
| 1 General Aniline Common Doe Jones & Smith, Hometown, USA | | | | | | | | | | | | | | | | | | | |
| 2 Retirement Equity Fund Doe Jones & Smith pension plan | | | | | | | | | | | | | | | | | | | |
| 3 C. Edwin Bell Trust Created 12/92 | | | | | | | | | | | | | | | | | | | |
| 4 Congressional FCU Bank Acct. # 17912 | | | | | | | | | | | | | | | | | | | |
| 5 Congressional FCU Bank Acct. # 90976 (Gene Moss & Assoc.) | | | | | | | | | | | | | | | | | | | |
| 6 SUSAN BELL THRIFT SAVINGS PLAN | | | | | | | | | | | | | | | | | | | |
| 7 See Pages 22+23 - SM | | | | | | | | | | | | | | | | | | | |
| 8 WOMCOFC Farm Land - Edwall, WA (CASH LEASE) | | | | | | | | | | | | | | | | | | | |
| 9 House West 1718 - 14th Ave S po 424, WA | | | | | | | | | | | | | | | | | | | |

Reporting Individual's Name

Eugene Moos

SCHEDULE B

New Entrant/Nominee/Candidate.
Schedule Not Applicable

Page Number

5

Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, dependent child, or dependent adult, of any real property, securities, or other financial assets, or any interest in any of the foregoing, during the reporting period, if the transaction exceeded \$1,000. Include transactions that resulted in a loss. Do not include transactions that resulted in a loss. Do not include transactions that resulted in a loss. Do not include transactions that resulted in a loss.

Identify the transaction by the date, the parties, the nature of the transaction, and the value of the transaction.

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Part II: Gifts, Reimbursements, and Travel Expenses

Report the source, a brief description (including travel, dates, and the nature of expenses provided), and the value of: (1) transportation, lodging, food, or entertainment received from one source totaling \$250 or more (unless received as personal hospitality at the donor's personal or family residence); (2) other gifts from one source totaling \$100 or more in value; and (3) cash reimbursements of \$250 or more from one source. Exclude gifts, reimbursements and travel expenses from the U.S. Government. Also exclude gifts from relatives, gifts of \$75 or less when aggregating gifts for the total from one source, and gifts and reimbursements received by your spouse or dependent child that were given totally independent of the relationship to you. See instructions for further exclusions.

None ☒

Value

\$500

\$125

Reporting Individual's Name

Eugene Moos

SCHEDULE C

Page Number

6

Part I: Liabilities

Report liabilities over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Do not include liabilities secured by real residence unless it is rented out, loans secured by automo-

biles, household furniture or appliances and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

Creditor (Name and Address)

1. First District Bank, Washington, DC
John Jones, 123 4 St., Washington, DC

None

Type of Liability

Mortgage on rental property, Downers
Promissory note

None

Interest Rate

13%

Term of Repayment

25 yrs

on demand

Category of Amount of Debt (1)

| | | | | | | | | | | | | | | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------|
| \$10,001 - \$15,000 | \$15,001 - \$20,000 | \$20,001 - \$25,000 | \$25,001 - \$30,000 | \$30,001 - \$35,000 | \$35,001 - \$40,000 | \$40,001 - \$45,000 | \$45,001 - \$50,000 | \$50,001 - \$55,000 | \$55,001 - \$60,000 | \$60,001 - \$65,000 | \$65,001 - \$70,000 | \$70,001 - \$75,000 | \$75,001 - \$80,000 | \$80,001 - \$85,000 | \$85,001 - \$90,000 | \$90,001 - \$95,000 | \$95,001 - \$100,000 | Over \$100,000 |
| | | | | | | | | | | | | | | | | | | |

Part II: Agreements or Arrangements

Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer, (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits

None

Status and Terms of any Agreements or Arrangements

1. Periodic payments to retiree for life or for a specified period of time, or lump sum payment, or annuity, or other benefit or plan established on service performed through 1/28/78 and terminated on death, disability, or other event (including death, disability, or other event)

None

Persons

Due Jones & Smith, Hometown, USA

Total

786

SI 2726 (Rev. 1/91)
S.O. 10 Part 204
U.S. Office of Government Ethics

Reporting Individual's Name

Eugene Mloos

SCHEDULE D

Page Number

7

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or fraternal or political entities and those solely of an honorary nature

| Example | Name of Organization | Non profit, educational, fraternal, etc. | Position Held | From (Mo., Yr.) | To (Mo., Yr.) | None |
|---------|-----------------------------------|--|--------------------------|-----------------|---------------|------|
| | | | | | | |
| 1 | Gene Mloos & Associates | | President | 1982 | Present | |
| 2 | WOMCO Inc | | President, self-employed | 1/90 | 3/93 | |
| 3 | MARION Mloos Trust | | President, self-employed | 1/88 | 3/93 | |
| 4 | Aggie Investment Group #52-173392 | | Trustee, unpaid | 1/76 | 3/93 | |
| 5 | | | Partner, unpaid | 1/92 | 1/92 | |

Part II: Compensation In Excess Of \$5,000 Paid by One Source

Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation,

firm, partnership, or other business enterprise, or any non profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source

Incumbent /
Termination Filer/
Candidate

☐

Not Applicable

☐

None

| Example | Source (Official or Address) | Legal Source | Brief Description of Duty |
|---------|---|--------------|---------------------------|
| | | | |
| 1 | Harvest States Cooperative - Alan Anderson (612) 641-6563 | Legal Source | Consulting Services |
| 2 | Wurlington Northern RR - Alan Fitzwater (302) 347-8662 | Legal Source | Consulting Services |
| 3 | Lawrence & Associates - Ed Jaenke (202) 393-1793 | Legal Source | Consulting Services |
| 4 | Grant General Funds - Leslie Barillett (202) 637-5910 | Legal Source | Consulting Services |
| 5 | Minnesota Dat ASinc - Pat Hockanson (612) 544-6583 | Legal Source | Consulting Services |

U.S. Office of Government Ethics

TESTIMONY OF EUGENE MOOS, OF WASHINGTON, TO BE UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS, AND A MEMBER OF THE BOARD OF DIRECTORS, COMMODITY CREDIT CORPORATION

The CHAIRMAN. Mr. Moos, if you are confirmed by the Senate, will you faithfully execute the laws passed by Congress, regardless of any prior statement you have made or biases you may have held?

Mr. Moos. I will.

The CHAIRMAN. And, if your nomination is approved by the committee and the Senate, do you promise to respond to requests to appear and testify before this committee or other duly constituted committees of the Senate?

Mr. Moos. I do.

The CHAIRMAN. Mr. Moos, you bring a unique blend of experiences to the job and I will not reiterate them, as I think the Speaker did it so well. You have seen this from just about every practical and legislative end.

The Uruguay round of multilateral trade negotiations, the GATT negotiations have been going on for more than six years. I think we are still a ways away from a final deal. I have a lot of interest in that, both in agriculture and intellectual property issues, but I don't want to see agriculture sacrificed in order to achieve a GATT agreement.

What would be your priorities as an advocate for all agricultural interests in trade negotiations?

Mr. Moos. To improve the opportunity for U.S. agricultural exports to have a greater access to the world market.

The CHAIRMAN. In that regard, would you support the Blair House proposals, as they affect American agriculture? Would that achieve what you are talking about doing?

Mr. Moos. Yes, I would support the Blair House agreement on both oilseeds and on the export and internal subsidies. I would hope that perhaps there would still be an opportunity to improve upon both agreements, but, if not, I would support the agreements as agreed to.

The CHAIRMAN. I have strongly advocated that we find ways to aid Russia and the other Independent States of the former Soviet Union. I think it is in our best interest, both our security interests, as well as our economic interests. It certainly follows the United States' proud history of supporting countries as they try to move toward democracy. Certainly, it makes far more sense to me, as an American, to see us competing economically and trading with them, rather than competing militarily.

Senator Lugar has just come back from that area and he has been one of the foremost voices of the Congress in this regard, too. I raised questions about the GSM commercial programs. We have used CCC programs with Russia and the former Soviet Union. I think we are probably seeing about \$5 million in arrears there. I met with the President, as did others, and urged use of the Food for Progress Program as an alternative. But even Food for Progress, I think, is a short-term alternative.

What principles do you see as guiding us in dealing with Russia in the long term, because, frankly, agriculture is going to be one of the most significant departments involved with this?

Mr. Moos. I agree with your assessment of the national interest and the need for our helping the Russians to move on down the path towards democracy and an open market system to every extent that we possibly can.

It is unfortunate that at this moment in time they are not deemed creditworthy, as required under the 1990 law. We are hopeful that that situation will change in the near future. If it doesn't, and in the interests of being able to continue to service that market, we may well need to look at some new kind of authority to provide the opportunity to not only assist the Russians in their move towards democracy, but also to secure our position in that market.

The CHAIRMAN. I hope as you look at that and go forward, that you would take time to keep in touch with both Senator Lugar and myself and other interested members of the committee, because we do have the responsibility of trying to get your programs through.

I wear another hat, as chairman of the Appropriations Foreign Operations Subcommittee, where we have the basic foreign aid programs. We do not begin to have the money in our budget there to carry out all the things that the United States wants to do or has even promised to do. We are going to have to find some of this in the agricultural programs, some of which are now blocked to us or will soon be blocked to us by application of current law.

So I would hope that you would consult with us and keep in touch with us. You have people who want to help, but we want to be involved from the start. It would be a lot easier. You know how the legislative process works.

Mr. Moos. Yes, and in that regard we want to work as well in the area of providing technical assistance to the Russians to help them to not only develop their agricultural potential, but also to develop their economy.

One of the programs which you are very keen on is the program which was introduced by Senator Cochran, which is the Cochran Fellowship Program. That has been a very valuable tool in terms of providing technical assistance, and we are looking forward to having another 25 farmers or people from Russia coming forward to be a part of that program.

The CHAIRMAN. A proposal takes effect in fiscal year 1994 which provides for a farm resource agency, in which you have at least the Agricultural Stabilization and Conservation Service, the Soil Conservation Service, and the Farmers Home Administration put into one agency. Both Senator Lugar and I have advocated a similar agency would be more efficient and at the same time provide better services to farmers. How do you ensure that the twin goals of increased efficiency and, hopefully, taxpayer savings and improved services for farmers are both carried out? Is that possible, or are we fooling ourselves?

Mr. Moos. Well, that is the real challenge. That project is already underway in the Department of Agriculture. We are examining the activities and the functions of the 42 different agencies that

are a part of USDA. We are looking for ways to make them more efficient and to introduce diversity.

Once we finish that analysis or study, then we will attempt to come forward with some sort of a reorganization proposal which, of course, then will be referred to the Congress for your consideration. It is difficult at this point in time to forecast what the outcome of all that will be—

The CHAIRMAN. Do you have a timeframe?

Mr. Moos. We would hope to be able to do that by late summer, if not earlier.

The CHAIRMAN. If you include the Soil Conservation Service in that agency, can you make sure it is still able to make independent determinations on things like conservation and swampbuster, for example?

Mr. Moos. We certainly hope so. Of course, that is a part of the analysis that we are making, and we are looking for those areas of duplication that can be excised and more efficiency brought into the system. But at the end of the day, what is important will be the product of what we deliver to the farmers and to the other interested consumers and parties around the United States.

So we have to be extremely careful in our effort at reorganizing. It is also concern for the career employees of the institution. It is obvious already that there is a great concern about their future, and we are hopeful that in this process of evaluation that we will be able to involve them, as well, so that they feel that they have a part of this effort at reinventing government and reorganizing and making more efficient the Department of Agriculture.

The CHAIRMAN. There is a rollcall vote on. We will recess and be right back.

[Recess.]

Senator LUGAR. [Presiding.] In the interest of time, the Chairman has asked me to continue the questioning.

Let me direct these questions to you, Mr. Moos, to continue the Chairman's questioning. Despite the fact that farmer sign-up for the 1993 crop programs is over, there continue to be press reports that USDA is considering modifications to the 1993 loan rates for wheat and feed grains. Winter wheat farmers are busy preparing for harvest and many of the farmers are struggling to complete the planting of corn, in particular, and other crops in the face of difficult weather conditions.

Can I have your assurance that the program parameters, including loan rates for the 1993 crop will not be changed?

Mr. Moos. Senator, there was a press release by the Department last Friday which stated the county loan rates for wheat and feed grains for the 1993 crop. That news release was based upon the loan rates that had been announced earlier before sign-up started.

Senator LUGAR. So those are the assurances that it is a program everyone can count on?

Mr. Moos. To change the loan rates at this point in time would require perhaps the reopening of sign-up, and since the loan rates for the 1993 crop are 24 cents higher per bushel for wheat than they were in 1992, my guess is that that kind of change probably will not be made.

Senator LUGAR. Thank you.

You have rejected several U.S. flag freight rates on the basis of price with regard to the shipments to Russia. Are you confident that USDA has the authority to reject the bids on the basis the prices are too high? And would you give your reasoning or the special conditions you and USDA found in the administration of these new programs?

Mr. Moos. Yes, we did reject some bids, tenders for freight, thinking that since the freight costs being quoted were in excess of the value of the product that would have been shipped, that those were unfair and unreasonable levels of shipping costs.

Certainly, we will continue to follow the law as prescribed, where 75 percent of all of our grant in aid food donations must be shipped on American bottoms, if they are available, but we are hopeful that we can do that under fair and reasonable rates.

Senator LUGAR. I suspect that the \$700 million, which is a part of the so-called Vancouver agreement which required at least \$700 million for food shipments, left you with a predicament, as I understand it, with some of the freight quotes accounting for over half of the \$700 million. That is, over \$350 million might have been consumed in freight and not in grain, and so a part of your reasoning presumably was to find this unreasonable, as I think most taxpayers would, taking a look at that situation.

I think there is a lack of knowledge of how little grain finally is moved and how much the freight subsidy is in this situation. But it is an old argument in which you have participated in around this table and as long as cargo preference is a part of the picture it is probably an argument we will be revisiting again.

Mr. Moos. We are happy to report that recent tenders on freight rates are in a more acceptable range.

Senator LUGAR. That is good news.

USDA is required to offer a marketing loan program to wheat and feed grain farmers for the 1993-95 crops, due to the absence of an agreement on agriculture in Uruguay round of GATT. Some have argued that with a marketing loan, USDA is free to raise loan rates without fear of loan forfeitures. Obviously, raising loan rates would greatly increase the likelihood that the market price would be below the loan rate. How are you going to manage the situation that you are faced with, given the mandates of the Congress in the last farm bill, one which anticipated clearly that, by the end of two or two and a half years of the farm bill, we would have an Uruguay round, which we do not?

Mr. Moos. Well, as far as the loan rates are concerned, as I mentioned, we did raise the rates for wheat from the previous year, and perhaps there is some room or opportunity to raise them slightly more for the 1994 crop. That decision has not been made yet, but it is under review.

I would add, though, that the real problem here in terms of raising the loan rates is one of cost, perhaps not so much in terms of the impact on the marketplace or on market clearing actions. With the marketing loan in place, that takes care of that problem.

But probably if we were to increase the loan rates for the grain for the 1994 crop, I am sure that there would be strong pressure then to increase the price support rates for all of the commodities. And if we were to raise all commodity price support rates by, say,

even as little as three or four percent, undoubtedly that would add hundreds of millions of dollars to budget outlays for the support of the price support program.

Under the pay-as-you-go plan that we operate today, that means that those additional costs might have to be offset by some other cutbacks within the agricultural program. From the information that I have received from the various agricultural groups, farm organizations and commodity groups, there seems to be little enthusiasm to give up any part of their income support just to offset the cost of higher loan rates.

Senator LUGAR. Mr. Moos, I am concerned whether the European Community has taken adequate steps to implement the United States-European Community oilseed agreement. A final vote on the agreement has been delayed several times by the community, and it is now apparently scheduled for June. Do you have any information about that situation?

Mr. Moos. Senator, we had the Acting Under Secretary for International Affairs and Commodity Programs, Joe O'Mara was in Europe last week starting the preliminary discussions about the action in terms of the European Community and the Member States agreeing to the Blair House agreements, including the oilseed agreement.

The message was delivered very strongly that unless there is some action on the part of the Community to approve the Blair House agreement on oilseeds before the start of the new crop season, the 1994 crop season, which, in effect, in Europe means that the agreement would have to take place sometime early in the summer, if there is no action by that time, then the United States would have to reconsider whether it would put in place the economic sanctions that had been proposed earlier in the year.

Senator LUGAR. One final question: One of the most important conservation issues facing us is the future of the Conservation Reserve Program. The current contracts start to expire in 1995. CRP has been credited with reducing erosion on cropland by over 675 million tons annually, on the 36 million acres enrolled in the program. What is your judgment about the advisability of continuing the program? And if it was to be continued, what changes would you recommend?

Mr. Moos. In my judgment, that program has been very effective in removing a substantial amount of fragile lands from agricultural production. If the budget pressures will permit the extension of those agreements at perhaps some different levels, if necessary, I would certainly support that, because I think it is important that we do continue to address the problem of fragile lands and the protection of the environment.

Senator LUGAR. Thank you very much.

Senator Conrad, in the absence of the Chairman, I have continued the questioning. I yield to you.

Senator CONRAD. Thank you very much, Mr. Acting Chairman.

Welcome. It is good to have you here. First of all, I want to thank you for how responsive you have been to requests to meet, and we meet frequently.

Mr. Moos. We have common problems, Senator.

Senator CONRAD. We do indeed. Let me add to the common problems. I have been spending a fair amount of time trying to evaluate where we are with the—

The CHAIRMAN. [Presiding.] I am just in time.

Senator CONRAD [continuing]. I am so glad you are here. [Laughter.]

The CHAIRMAN. Are we breaking down to parochialism?

Senator CRAIG. Parochialism or Perot-ism? [Laughter.]

The CHAIRMAN. I'm sorry about that.

Senator CONRAD. We would welcome his support.

The CHAIRMAN. Wouldn't we all?

Senator CONRAD. If he wants to do an infomercial on this subject, we will provide him the material.

The CHAIRMAN. I am the potted plant behind you. [Laughter.]

Senator CONRAD. Is there a place where we can put this behind us, so the Chairman can see this, as well?

The CHAIRMAN. That is all right, I have memorized it.

Senator CONRAD. Let me just make the point on the question of parochialism. I think it was Tip O'Neill who said all politics is local. You know, all of us are U.S. Senators and we all represent a State. I represent North Dakota, and I have an obligation to represent the people that sent me here. I have an obligation to do the best I can to get the country on the right track.

I think the President's overall program goes in the right direction of reducing the deficit. I feel that very strongly. I think we need to cut spending, I think we have to raise taxes. Neither one of them is popular, but I think we have got to do both. I personally would prefer we do some additional spending reductions.

But I also have a very serious responsibility to the people that sent me here to make sure that the package is fair. As I evaluate this package, I see serious problems with it. Let me just share with you the information on this chart.

The CHAIRMAN. Bring the chart back. I was just joking about that. I didn't mean it to be taken seriously.

Senator CONRAD. This chart shows, according to our calculations, the calculations of FAPRI and others, what happens to a typical farmer in North Dakota with 1,200 acres.

First we get the increases from lower interest rates, \$526. That is about a 60 basis point reduction. I know that in the markets we are seeing a 100 basis point reduction or more, but we are not seeing that in the farm markets. We are getting about half that.

The investment tax credit: the average North Dakota farmer would get a benefit of \$286, and that starts from a base of \$17,600, because that is the average farm income in North Dakota for a farm of 1,200 acres, which is the average size.

Then we look at the cumulative effect of the other major proposals that affect agriculture. First, the farm program cuts—and these are not the ones recommended by Clinton but the ones that are adopted in the budget resolution—the Btu tax, which we calculate at \$1 an acre, or, more specifically, North Dakota State University calculates at \$1 an acre—I just had the chief analyst for the Department of Energy in my office and he confirmed those numbers and said their numbers were the same—and then the barge tax, a 525 percent increase in the barge tax has a very harsh effect. The

bottom line is, at the end of the day, when fully implemented, that farmer who started with a \$17,600 income is down to \$14,500.

I just want to say that when people voted for change—and the farmers of my State voted for change—I don't think this was the change they had in mind. I am eager to help this President. I am eager to help him reduce the deficit. I am ready to cast controversial votes, but it has got to be fair.

I think we have an unintended consequence here. The cumulative effect of these proposals: The farm program cuts, the Btu tax, and the barge tax isn't fair. I would just hope that that message would go back to the administration. I have delivered this message directly to the President Thursday evening, I have delivered it to other representatives of USDA today, the Department of Energy today, the Secretary of the Treasury today.

I hope somebody is listening, because there is a tension between what is in the national interest and what is in our individual State interests, and we have got to do by our lights what is the proper balancing of those interests. I just have to say I don't think we have a conclusion here yet that is fair and equitable. I would welcome any response that you might have. I understand you are in a difficult position in the confirmation process.

Mr. Moos. That is very true, Senator Conrad. [Laughter.]

If I should become a part of the new administration, of course, I will do my best to support the administration objectives. As you mentioned, given the budget deficit problems that this country faces, there is a need for some effort here to do something about that. This situation cannot go on forever.

Hopefully, it can be done in a fair and equitable manner, and I will certainly carry your messages throughout the administration, if that is my opportunity, and I hope that something can be done.

Senator CONRAD. I appreciate that. I hope you take the opportunity and seize it aggressively, because, frankly, I am finding that the national news media understand virtually nothing about rural America, seem to care nothing about it, obviously know nothing about it from what they write.

These are real people out there on the farm. The images that the media portray of these fat-cat farmers who are milking the program and farming the mailbox—there are some of those around the country, sure there are—but I will tell you, I would like to have them come to my State and go up and down the section lines and visit the people who are out there.

They would see something quite different, and they would see a part of our country that is already in decline. Farm income is going down each and every year of the 1990 farm bill, each and every year. Those are not my figures. Those are Department of Agriculture figures, and that is before any farm program cuts, that is before any Btu tax, that is before any barge tax, that is before any cuts in the REA.

You know, at some point it gets to be piling on, and I don't think that is anybody's intention. I don't believe that. I don't believe there is some malevolent force down here that is looking to dump on rural America. I think, instead, what is happening is inadvertent, and that it is very easy in putting together a program, not to add it all up and see how it affects an individual sector.

I can just say to you that agriculture in rural America and my part of the country, when you add it all up and you see what happens, takes a very heavy hit, and somehow we have got to moderate it, to make it fair.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Craig.

Senator CRAIG. Mr. Chairman, thank you very much.

Let me join with my colleague from North Dakota in expressing the kind of concerns that he has expressed to all of you who are soon to become part of the new administration. I hope you all will be strong and active participants with our new Secretary.

As I expressed to all of you while in my office, I have a lot of respect for our new Secretary. I think he is a very talented person and I am anxious to have you as part of that team.

Gene, it is extremely pleasing for a Pacific northwesterner to welcome another Pacific northwesterner, especially somebody with a farm background from that area.

Mr. Moos. Thank you.

Senator CRAIG. As you know, that is a unique part of agriculture out in that part of the West. Ours is dryland agriculture like few know it, except some of our midwestern friends in Illinois and Iowa, in our ability to produce. Also with that level of production, we have a lot of complications. I am very pleased to have you aboard and with that kind of unique knowledge of northern, wetter agriculture. I have close personal contact with Bill Clinton. I call him daily and we talk closely and I advise him that he just doesn't have enough westerners on his team.

The CHAIRMAN. Say hi to him for me, when you talk to him. [Laughter.]

Senator CRAIG. I was going to say, Mr. Chairman, you will notice that I was being a bit facetious there. I sincerely mean we need more westerners on that USDA team, especially those that deal with resource issues of the kind that you are going to be responsible for, and I appreciate that.

Now, with that obvious bias, let me welcome you and turn to you, Mr. Gilliland.

[Mr. Gilliland's biographical and financial data follow:]

BIOGRAPHICAL INFORMATION (PUBLIC)

James S. Gilliland, General Counsel-Designate, United States Department of Agriculture.

1. Full Name: James Sevier Gilliland
2. Address - Home: 60 Morningside Park
Memphis, Tennessee 38104

Office: Suite 1700, One Commerce Square
Memphis, Tennessee 38103

Telephone: Home - 901-452-4752
Office - 901-576-1727

Note: In Washington, D.C., may be contacted through Brenda Scott with USDA at 202-720-3351.

3. Date and place of birth: October 3, 1933, Memphis, Tennessee.
4. Marital Status: Married, Lucia Flowers, date of birth August 8, 1937.

Date of Marriage: August 1, 1964

Spouse's Present Occupation: Regional Representative, Office of the Governor of Tennessee, State Office Building, Mid-America Mall, Memphis, Tennessee 38103.

Spouse's Telephone: 901-543-7480

5. Education: Vanderbilt University, August 1951, B.A. in English, May 1955; Vanderbilt Law School, August 1954 - May 1957, LLB.
6. Employment Record: From age 21 (1954) through my entry into the Navy in 1957, I had miscellaneous minor jobs (library at Vanderbilt, day labor on farms, etc.) which were not significant. During my time in the Navy, I had no outside earned income or other employment (1957-1961). From the time of my release from active duty in 1961 to the present time, I have been actively engaged in the practice of law with additional non-legal services income from two activities, directors' fees from local client companies and consulting for such companies. The companies are described below.

My legal activities are carried on through a firm, now known as Glankler, Brown, Gilliland, Chase, Robinson & Raines, Suite 1700, One Commerce Square, Memphis, Tennessee 38103. In that capacity I provide broad legal services, and now serve as a senior partner.

B. **Past Directorships** (Only substantive positions identified in search of last five years, but does not pick up corporate incorporator, officer or director for client's convenience with no investment interest and no independent authority for client):

| <u>Corporation</u> | <u>Corp. Officer</u> | <u>Ownership Interest, If Any</u> |
|------------------------------|----------------------|-----------------------------------|
| 1. Commerce General Corp. | No Position | No Interest |
| 2. Data Communications Corp. | No Position | Under 5% |
| 3. VideoCo, Inc. | Chairman | 51% (now dissolved) |

C. **Partnerships**

(My only active partnership is in my law firm, from which I am resigning.)

Present Partnership/Ownership Interest

- | | |
|---|--|
| 1. Glankler, Brown, Gilliland, Chase, Robinson & Raines | My law firm, Senior Partner. I will resign before or upon my confirmation. |
| 2. California Tennessee Investor Assoc. | This partnership, 50% owned with my brother, Robert J. Gilliland, owns 17 acres of land and a hotel in Palmdale, CA. It carries on no active business but leases out the hotels to G W Hospitality, Inc. My brother is the managing partner. |
| 3. Blockbusters of Tennessee, Ltd. | About 6% limited partnership interest. |
| 4. Poplar Perkins Associates | 50% interest in Memphis office building with Stanley Graber, who is the managing partner. |
| 5. Poplar Village | 45% interest in Memphis shops with Stanley Graber, who is the managing partner. |
| 6. Pine Crest Farm | 25% interest in Mississippi farm with James G. Robbins (referred to in prior answer). |
| 7. Poplar Pikers | Small passive investment interest in leasehold on Poplar Avenue, Memphis. |

8. Bartlett Land Associates
25% passive interest in about 14 undeveloped acres in Bartlett, Tennessee, with John J. Griesbaum, who is the managing partner.
9. Bartlett Shops
50% passive interest in a building with commercial shops in Bartlett, Tennessee, owned with John J. Griesbaum.
10. HHG Associates
1/6th passive interest in undeveloped 8 acres in Memphis owned with John Griesbaum.
11. Office Investors, Ltd.
About 10% passive limited partnership interest in a part of an office building in Memphis, Tennessee.

Former Significant Partnership/Ownership Interests

1. SilverScreen, Ltd.
Owned NC Blockbuster franchise partnership. My and spouse's interest totaled about 13%. This was sold and is now being liquidated as S S Liquidating Trust.
2. Tchulahoma Land Associates
Owned 100 plus acres of undeveloped land in Shelby County, Tennessee. Now sold. My interest was about 30%.

Other Trust Business Entities

(I receive no compensation for any of these activities)

1. DeSoto Oil and Gas Trust
Co-Trustee of family/closely held passive mineral interest trust in Louisiana. No coal or federal lands involved.

2. S S Liquidating Trust

Trustee in Liquidation from sale of former SilverScreen, Ltd., owning Blockbuster Video stores in North Carolina. No active responsibility except to receive one payment monthly and divide it into payments per our investment interests.

3. Mallard Rest Trust

Trustee for Corneil D. Adams, et al., family trust (owns a duck hunting swamp, some life insurance, requiring no active management).

Note: I am also Trustee or Co-Trustee for half a dozen or so life insurance trusts, holding policies of insurance on various friends who have been clients for benefit of their families, without compensation and as an accommodation, which are not considered material.

7. **Military Service:** United States Naval Reserve, June 1957-June 1961. Began as Officer Candidate in Newport, Rhode Island, was commissioned Lieutenant JG, promoted to Lieutenant. My service number was 546956.

8. **Government Service:** None

9. **Honors and Awards:** At Vanderbilt University, I was the recipient of a "Baker Scholarship" which was an academic and leadership scholarship, generally considered the most respected one then offered by the University, paying full tuition for four years. Throughout school, I was fortunate to receive various academic and peer recognition, including class president, valedictorian, etc. in high school; Phi Beta Kappa, ODK, editor of the student magazine, captain of Vanderbilt wrestling team in college; Law Review, president of legal fraternity, named "most outstanding graduate" by my fellow students in law school.

At the Bar, I received the Memphis Bar's "most outstanding lawyer" award; in the community, I have received various honors and recognition which can be reviewed if desired.

10. **Other Memberships:** **Bar Organizations** - American Bar Association, Tennessee Bar Association, Memphis Bar Association.

Charitable Organizations:

Currently, Director/Trustee of the following organizations: (which I expect to have terminated all of these by the time of my confirmation)

1. Memphis Inter Faith Association
2. M. K. Gandhi Institute for Non-violence
3. National Conference of Christians and Jews (National Trustee as well as local Trustee).
4. LeMoyne-Owen College (UNCF College in Memphis, Tennessee, Trustee since 1970's, served as Chairman of Board within the last 5 years).
5. Planned Parenthood of Memphis, Inc.
6. Leadership Memphis, Inc.

Formerly, President of:

Liberty Bowl Association; Memphis Area Council of the Navy League (as well as National Director); Tennessee Council on Human Relations, and other similar organizations in the community.

11. Published Writings: None
12. Health: Excellent

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. **Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?**

Yes. I have severed (or have arranged to have severed by the date of my confirmation) all material connections as reviewed with our Ethics Officer.

2. **List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, incomplete contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.**

All earned income for past services has been paid except that I expect to receive deferred consulting income from JSG Consulting, Inc. for my year to date work for Ring Can Corporation and its affiliates, the amount of which is determined after year end by what the Board considers to be the company's success and my contribution to it. That work has no connection with the USDA or any agency involved with it.

As to deferred compensation and profit sharing benefits, I have three items. I have a retirement account created under our law firm Profit Sharing Plan which is independently trustee. My fund balance is about one million dollars. Second, I have a small balance of about \$50,000 in a separate TRS qualified Pension Plan under "JSG Consulting" which I set up so as to put aside the maximum annual deductible amount (e.g. my firm's contributions may be less than the maximum allowable). This account is also invested in an independently managed public fund. Third, I have a vested deferred compensation retirement plan with my law firm funded by life insurance; my firm has the option, after four years, to distribute the policy to me in lieu of paying benefits, or may instead choose to reduce my benefits and pay them after I reach 65 years of age. I must begin to draw all such benefits by 70 1/2 years of age.

3. **Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)**

Yes. I own a 25% interest in a tract of about 900 acres in DeSoto County Mississippi, near Memphis called "Pine Crest." Its value is principally as suburban acreage for residential development but much of it is still farmed. It is managed entirely by James G. Robbins, the majority owner of the property, and is leased out for cash rent for crop years 1993 through 1995 to William Hawks of Hernando, Mississippi. If we lose the cash rent tenant and must go to a crop share lease, I am willing to convey this interest by gift to my grown children at any time if requested to do so.

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

I do not recall participating directly in any federal commodity price support program in the last five years. Tenants or managers of property in which I had an interest have of course participated, although I do not know for which programs or for what amounts. The farms based on crop share rentals which I owned in recent times which would have participated in a commodity program, I believe, are of the following:

A. Pine Crest Farms, 900+ acres, DeSoto County Mississippi (I own 25%). I do not know the names of the tenants, the farm number or what programs would be involved. It is currently on a cash rental.

B. The Gilliland Farm, Route 42 (west of Turrell), Crittenden County Arkansas, about 1900 gross acres. My 50% interest was sold on January 15, 1993. For about four years prior to that time it was leased to Terry Hatley, et al. Prior to that time it was leased to Pete Pirani and his brothers. It grew soybeans, wheat, rice and milo.

C. Grassy Lake Farm, about 1000 acres in eastern Oklahoma. I held my 25% interest until about 1990. It was leased to a tenant named Butch Murray whom I never met.

D. Shoptaw Farm, about 2400 acres in western Arkansas. It was sold about four years ago and was managed by Prudential's farm management company, so I do not recall its tenants' names.

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Farmers Home Administration? (If yes, give details of any such loan activity during the past five years.)

No.

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

No.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

No.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

No. If I return to Memphis and if I decide to continue law practice there, I would expect to return to my law firm, Glankler, Brown, Gilliland, Chase, Robinson & Raines. I and it understand that there can be no commitment on either side with respect to such future events.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

No.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

Per my conference with the USDA ethics counsel, I will close out my discretionary commodity trading account promptly and I will dispose of my stock in Dole Foods, Inc. within 90 days of my confirmation (Dole is in the sugar program). Those are the only investments which present an appearance of conflict with my USDA work.

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?

No, I never had such a loan.

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

As indicated above, I know of no unresolved conflicts of interest now or for the period of my service.



United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

MAY 5 1993

The Honorable Patrick J. Leahy
Chairman
Committee on Agriculture, Nutrition
and Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by James S. Gilliland, who has been nominated by President Clinton for the position of General Counsel of the Department of Agriculture.

We have reviewed the report and have also obtained advice from the Department of Agriculture concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter from Mr. Gilliland, dated May 4, 1993, which discusses ethics agreements with respect to resignations, recusals, divestiture, and certain other matters.

Based thereon, we believe that Mr. Gilliland is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in cursive script, reading "Stephen D. Potts".

Stephen D. Potts
Director

Enclosures



United States
Department of
Agriculture

Office of the
General
Counsel

Washington,
D.C.
20250-1400

May 4, 1993

Honorable Stephen D. Potts
Director
Office of Government Ethics
Suite 500
1201 New York Avenue, N.W.
Washington, D.C. 20005

Dear Mr. Potts:

The purpose of this letter is to outline the steps which I intend to take in order to assure that no conflict of interest will exist between my personal financial interests and the duties I will perform if confirmed to serve as General Counsel of the Department of Agriculture.

I am presently a senior partner in Glankler, Brown, Gilliland, Chase, Robinson & Raines (Glankler Brown), a major regional law firm located in Memphis, Tennessee. I joined the firm in 1963, and became a partner in 1970 and a senior partner in 1979. The firm is engaged in a general legal practice, and its clients represent a wide range of area businesses in Tennessee and adjacent states. While the firm has represented some clients before the Department of Agriculture, its practice -- and my practice -- have not been principally involved in agricultural law or the representation of clients before Federal departments and agencies.

The firm's practice has, however, involved representation of major clients in agri-business matters. The principal agri-business client to which I have provided legal services and devoted substantial time in recent years has been Dunavant Enterprises, Inc. (Dunavant), a company headquartered in Memphis which is the world's largest cotton merchandiser and is involved in other cotton-related activities including warehousing, ginning, and exporting of raw and processed cotton. In many of its activities and operations, Dunavant is directly and substantially affected by the programs and activities of the Department of Agriculture. A Dunavant subsidiary, Dunavant Commodity Corporation, with offices in New York City and in Tennessee, operates as a broker and dealer of agricultural commodities and futures of such commodities.

In order to avoid any conflict of interest, I hereby pledge to resign as a partner in Glankler Brown, and to sever all financial relationships with the firm, upon my confirmation to serve as General Counsel of the Department of Agriculture. I pledge as well to cease all representational

activities on behalf of the firm's clients, including Dunavant, upon my confirmation to serve in that position. I expect in the future to receive my share of earnings attributable to representational and other activities which I have performed prior to my resignation from the firm, as well as my partnership share of the firm's income accrued prior to my resignation. However, I will receive no future income from the firm, or from its clients, based upon services performed by other members and employees of the firm after the date of my resignation.

Finally, I also pledge to recuse myself from participation in any particular matter now pending before the Department of Agriculture, or which may arise during my tenure as an official of the Department, involving or affecting Glankler Brown or any of its clients, in circumstances in which the firm is representing any such client before the Department. I pledge as well to recuse myself from participation in any particular matter which may arise involving or affecting Dunavant or any of its subsidiaries. While I will retain no financial interest in Glankler Brown, and I have none in Dunavant, I believe that such recusal is necessary in order to avoid even an appearance of a conflict of interest.

I have financial interests and expect to continue to participate in the profit sharing plans of Glankler Brown and JSG Consulting, Inc., another firm through which I have provided non-legal consulting services to clients. However, my interests in those profit-sharing plans are fully vested. The plans are independently managed, defined contribution plans, and I will receive benefits thereunder commencing not later than age 70-1/2. I also presently maintain a commodities account with Dunavant Commodity Corporation, but I pledge to close such account promptly following my confirmation to serve as General Counsel in order to avoid any conflict of interest.

I also have ownership interests in farmland. Until recently, I owned a one-half interest in Gilliland Farms, comprising approximately 1,850 acres in Crittenden County, Arkansas, on which soybeans, rice, and wheat are produced. I have divested myself of that ownership interest, and no longer retain any financial interest in the land, equipment, or farming operations conducted on such land. I also presently have a 25% partnership interest in Pinecrest Farm, comprising approximately 950 acres in DeSoto County, Mississippi, on which cotton and soybeans are grown. My only return from that ownership interest, however, is in the form of my proportionate share of cash rental payments. Such

payments are made under a three year (through crop year 1995) cash lease, and are based upon the value of the lands involved and not upon the profitability of the farming operations conducted thereon or the enrollment of such lands in USDA's farm price support or other programs. In order to avoid even an appearance of a conflict of interest, however, I hereby pledge to recuse myself from participation in any particular matter which may arise within USDA during my tenure as an official of the Department, involving or directly affecting Pinecrest Farm or any other farming operation located in DeSoto County, Mississippi.

I own a 50% interest in the Rainer Farm Mortgage Co. (Rainer), an independent mortgage banker which originates loans to farmers for the Prudential Insurance Company of America (Prudential) in the mid-South area and resells them to Prudential. While Rainer does no business directly with USDA or any of its agencies, there is a possibility that Rainer may on occasion hold liens or other security interests on individual properties which are also encumbered by junior liens or other interests held by the United States under USDA lending or other programs. In order to assure that no conflict of interest will exist as a result of my ownership interest in Rainer, I hereby pledge to recuse myself from participation in any particular matter which may arise within USDA during my tenure as an official of the Department, involving or directly affecting Rainer.

I presently own shares in only a single common stock, Dole Food Co., Inc. (Dole) which could give rise to a conflict of interest or an appearance thereof. Dole, a corporation headquartered in California, grows, processes, distributes, and markets -- principally under its Dole and Castle and Cooke labels -- a wide range of fresh, canned, and processed fruits, vegetables, and other food products, which it grows on lands located in the States of Arizona, California, Hawaii, and Washington, as well as in several foreign countries. Many of its operations are regulated under or directly affected by the programs and activities of USDA. In order to avoid any conflict of interest or appearance thereof, I hereby pledge to divest myself of my ownership interest in Dole common stock promptly following my confirmation to serve as General Counsel.

Finally, I presently serve as an officer or director of numerous profitmaking and nonprofit corporations and other organizations, which are listed on Schedule D of my SF 278, Financial Disclosure Report. Some are business corporations which are clients of Glankler Brown, and others are nonprofit

organizations located principally in Memphis, Tennessee. Whether or not my service as an officer or director of any of those organizations could give rise to any conflict of interest or appearance thereof, I pledge to resign from all such positions upon my confirmation to serve as General Counsel.

I believe that the steps which I have agreed to take, as outlined above, will assure that no conflict of interest or appearance thereof will arise between my personal financial interests and the duties I will perform if confirmed to serve as General Counsel of the Department of Agriculture.

Sincerely,


James S. Gilliland
General Counsel-Designate

Executive Branch PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved
GSA (No. 2700-001)50-270 (Rev. 10-91)
S-C-R-P Form 204

| | | | | | | | | | |
|--|--|---|--|--|--|---|--|-----------------|--|
| Reporting Status <input type="checkbox"/> Former <input checked="" type="checkbox"/> Current | | Calendar Year Covered by Report 1992-1993 | | Line of Appointment, Office, Election or Nomination (Month, Day, Year) <input type="checkbox"/> Termination | | Termination Date (If Applicable) (Month, Day, Year) | | Agency Use Only | |
| Reporting Individual's Name Gilliland | | Last Name and Middle Initial James S. | | Date (Month, Day, Year) 11/1 - 4/1993 | | | | | |
| Position for Which Filing General Counsel | | Title of Position U.S. Dept. of Agriculture | | | | | | | |
| Location of Present Office (for forwarding address) USDA, Room 107-W Washington, D.C. 20250 | | Address (Number, Street, City, State, and ZIP Code) (202) 720-3351 | | | | | | | |
| Position(s) Held with the Federal Government during the preceding 12 months (If Not Sent as Above) | | | | | | | | | |
| Presidential Nominee Subject to Secret Contribution | | Name of Congressional Committee Considering Nomination Sen. On the Agric. Nutrition & Forestry | | Date (Month, Day, Year) April 15, 1993 | | | | | |
| Certification I, GILLILAND, and the witnesses I have made, have read and understand the contents of this report, complete and correct to the best of my knowledge and belief. | | Signature of Reporting Individual <i>James S. Gilliland</i> | | Date (Month, Day, Year) April 15, 1993 | | | | | |
| Other Review (If Covered by Agency) | | Signature of Official <i>Larry B. Skaggs</i> | | Date (Month, Day, Year) 5-4-1993 | | | | | |
| Agency Ethics Officer's Opinion The following statement is for the use of the public and is not to be used in any other way. It is not to be used in any way that might reflect upon the agency or its policies. | | Signature of Designated Agency Ethics Officer (If Not Applicable) <i>Larry B. Skaggs</i> | | Date (Month, Day, Year) 5/5/93 | | | | | |
| Office of Government Ethics Use Only | | Signature <i>Larry B. Skaggs</i> | | Date (Month, Day, Year) 5/5/93 | | | | | |
| Comments of Reporting Official (If additional space is required, use the reverse side of this page) | | | | | | | | | |
| ** Notes made pursuant to conversation w/ Mike Kelly 5/14/93 ** Plan trustee is National Bank Commerce Memphis, TN Investment managers are - Seaboard Investment Advisors - New South Capital Management - Princeton International | | | | | | | | | |

Prescribed Form 2700-001 (Rev. 10-91)

2700-001

If filed by mail, use the following address: U.S. Department of Agriculture, Room 107-W, Washington, D.C. 20250

NOV 20 1993

SCHEDULE A

Gilliland, James S.

Page Number

[illegible]

Reporting Individual's Name

SCHEDULE A

Gilliland, James S.

Page Number

2

Assets and Income

Income: type and amount If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item

Valuation of Assets
at close of

(or less)

PLATE 1

WORK C

01348-1610

III

Gilliland, James S.

SCHEDULE A

Page Number

3

Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.

| BLOCK A | | BLOCK B | | | | | | | | | | BLOCK C | | | | | | | | | | Actual Amount Only if "Other" specified | Date (Mo., Day, Yr.) Only if Honoraria | | | |
|-------------------|--|--|--------------------|---------------------|----------------------|-----------------------|-----------------------|-------------------------|------------------|-----------|---------------------|----------|---------------|---------------------------|-----------------|------------------|----------------------|---------------------------|-----------------|-------------------|-------------------|---|--|----------------------|-------------------------|------------------|
| Assets and Income | | Valuation of Assets at close of reporting period | | | | | | | | | | Type | | | | | | | | | | | | | | |
| | | None (or less than \$1,001) | \$1,001 - \$15,000 | \$15,001 - \$50,000 | \$50,001 - \$100,000 | \$100,001 - \$250,000 | \$250,001 - \$500,000 | \$500,001 - \$1,000,000 | Over \$1,000,000 | Dividends | Rents and Royalties | Interest | Capital Gains | Excluded Investments Paid | Excluded Trusts | Qualified Trusts | Other (Specify Type) | None (or less than \$201) | \$201 - \$1,000 | \$1,001 - \$2,500 | \$2,501 - \$5,000 | \$5,001 - \$15,000 | \$15,001 - \$50,000 | \$50,001 - \$100,000 | \$100,001 - \$1,000,000 | Over \$1,000,000 |
| 1 | Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Identify each asset or source of income which had a fair market value of \$200 or less at the close of the reporting period | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | None <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | General Release Contracts | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Ex Dole-Jones & Smith, Hanover, USA | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Kenneth E. Fong Fund | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | Dole-Jones & Smith partnership | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | Metro-Nashville Bonds | X | | | | | | | | | | | | | | | | | X | | | | | | | |
| 9 | Liquidating Receivable Terminix & Cook Investment Properties | X | | | | | | | | | | | | | | | | | X | | | | | | | |
| 10 | Note Receivable Richard Medemott | | | | | X | | | | | | | | | | | | | | | | | | | | 39,917 |
| 11 | Note Receivable Glunkler Group (liquidated in HH) | | | | | X | | | | | | | | | | | | | | | X | | | | | |
| 12 | Working Interest MCZ Oil Company | | | | | | | | | | | | | | | | | | | | | X | | | | |
| 13 | Note Receivable M Vista | | X | | | | | | | | | | | | | | | | | | | | | | | |

832 (Rev. 10/11)
U.S. Form 990-BE
U.S. Return of Foreign Income

Reporting Individual's Name

Gilliland, James S.

SCHEDULE A

Page Number

4

Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.

Valuation of Assets
at close of
reporting period

Block B

Assets and Income

Block A

Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period.
Identify each asset or source of income which generated over \$200 in income during the reporting period.

None ☐

Type

Amount

Date (Month, Day, Year)
Only if "Other" specified
Honorary

None (or less than \$201)
\$201 - \$1,000
\$1,001 - \$2,500
\$2,501 - \$5,000
\$5,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$1,000,000
Over \$1,000,000

Dividends
Rent and Royalties
Interest
Capital Gains
Excepted Investment Fund
Excepted Trust
Qualified Trust
Other (Specify Type)

None (or less than \$1,001)
\$1,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$250,000
\$250,001 - \$500,000
\$500,001 - \$1,000,000
Over \$1,000,000

Central Airlines Common
General Motors
Kempston Equity Fund
De Jones & Smith private plan

Restaurant (Equity)
S Rafferty's-Jackson, TN
Unimproved Land
Ave. P, Palmdale, CA
Office bldg.
4646 Poplar
Memphis, TN
Unimproved Land
Whitten Road
Memphis, TN
Bartlett Land Assoc.
Bartlett, TN
Bartlett Shops (Equity)
Bartlett, TN

None (or less than \$1,001)
\$1,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$250,000
\$250,001 - \$500,000
\$500,001 - \$1,000,000
Over \$1,000,000

None (or less than \$201)
\$201 - \$1,000
\$1,001 - \$2,500
\$2,501 - \$5,000
\$5,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$1,000,000
Over \$1,000,000

None (or less than \$201)
\$201 - \$1,000
\$1,001 - \$2,500
\$2,501 - \$5,000
\$5,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$1,000,000
Over \$1,000,000

None (or less than \$201)
\$201 - \$1,000
\$1,001 - \$2,500
\$2,501 - \$5,000
\$5,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$1,000,000
Over \$1,000,000

None (or less than \$201)
\$201 - \$1,000
\$1,001 - \$2,500
\$2,501 - \$5,000
\$5,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$1,000,000
Over \$1,000,000

None (or less than \$201)
\$201 - \$1,000
\$1,001 - \$2,500
\$2,501 - \$5,000
\$5,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$1,000,000
Over \$1,000,000

None (or less than \$201)
\$201 - \$1,000
\$1,001 - \$2,500
\$2,501 - \$5,000
\$5,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$1,000,000
Over \$1,000,000

None (or less than \$201)
\$201 - \$1,000
\$1,001 - \$2,500
\$2,501 - \$5,000
\$5,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$1,000,000
Over \$1,000,000

None (or less than \$201)
\$201 - \$1,000
\$1,001 - \$2,500
\$2,501 - \$5,000
\$5,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$1,000,000
Over \$1,000,000

None (or less than \$201)
\$201 - \$1,000
\$1,001 - \$2,500
\$2,501 - \$5,000
\$5,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$1,000,000
Over \$1,000,000

None (or less than \$201)
\$201 - \$1,000
\$1,001 - \$2,500
\$2,501 - \$5,000
\$5,001 - \$15,000
\$15,001 - \$50,000
\$50,001 - \$100,000
\$100,001 - \$1,000,000
Over \$1,000,000

U.S. Return of Foreign Income Form 990-BE

Gilliland, James S.

SCHEDULE A

Page Number

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[illegible]

5010 (Rev. 10-61)
U.S. Office of Government Ethics

Reporting Individual's Name

Gilliland, James S.

SCHEDULE A

Page Number

8

Assets and Income

Income: type and amount. If "None (or less than \$200)" is checked, no other entry is needed in Block C for that item.

Block C

Block B

Block A

Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period.

Identify each asset or source of income which generated over \$200 in income during the reporting period.

None ☐

Central Airlines Common

Ex. 100,000

100,000

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Common Stock Rapac, Inc.

Common Stock Dobbs Container Corp.

Common Stock Foamlite, Inc.

Common Stock JSG Consulting, Inc.

Checking Accts. Nat. Bank Comm.

S.S. Liquidating Trust Silver Screen Ltd - Liquidating

100,000

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100,000

Type

Other (Specify Type)

Qualified Trust

Excepted Trust

Excepted Investment Fund

Capital Gains

Interest

Rents and Royalties

Dividends

Over \$1,000,000

\$500,001 - \$1,000,000

\$250,001 - \$500,000

\$100,001 - \$250,000

\$50,001 - \$100,000

\$15,001 - \$50,000

\$1,001 - \$15,000

None (or less than \$1,001)

None (or less than \$201)

None (or less than \$201)

None (or less than \$201)

None (or less than \$201)

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None (or less than \$201)

None (or less than \$201)

Amount

Over \$1,000,000

\$100,001 - \$1,000,000

\$50,001 - \$100,000

\$15,001 - \$50,000

\$5,001 - \$15,000

\$2,501 - \$5,000

\$1,001 - \$2,500

\$201 - \$1,000

None (or less than \$201)

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Date (Mo., Day, Yr.)

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Gilliland, James S.

SCHEDULE A

Page Number

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[illegible]

Gilliland, James S.

SCHEDULE A

| BLOCK A | | BLOCK B | | BLOCK C | | | | | | | | | | | |
|--|--|---|--|--|--|--------------------|---------------------|----------------------|-----------------------|-----------------------|-------------------------|------------------|---------------------------------------|----------------------|----------------------|
| Assets and Income | | Valuation of Assets at close of reporting period | | Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item. | | | | | | | | | | | |
| BLOCK A | | BLOCK B | | BLOCK C | | | | | | | | | | | |
| Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period | | Identify each asset or source of income which had a fair market value exceeding \$200 in income during the reporting period | | None (or less than \$1,001) | | \$1,001 - \$15,000 | \$15,001 - \$50,000 | \$50,001 - \$100,000 | \$100,001 - \$250,000 | \$250,001 - \$500,000 | \$500,001 - \$1,000,000 | Over \$1,000,000 | Type | Amount | Date (Mo., Day, Yr.) |
| None <input type="checkbox"/> | | None <input type="checkbox"/> | | None (or less than \$1,001) | | \$1,001 - \$15,000 | \$15,001 - \$50,000 | \$50,001 - \$100,000 | \$100,001 - \$250,000 | \$250,001 - \$500,000 | \$500,001 - \$1,000,000 | Over \$1,000,000 | Actual Amount Only if Other specified | Date (Mo., Day, Yr.) | |
| Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period | | Identify each asset or source of income which had a fair market value exceeding \$200 in income during the reporting period | | None (or less than \$1,001) | | \$1,001 - \$15,000 | \$15,001 - \$50,000 | \$50,001 - \$100,000 | \$100,001 - \$250,000 | \$250,001 - \$500,000 | \$500,001 - \$1,000,000 | Over \$1,000,000 | Actual Amount Only if Other specified | Date (Mo., Day, Yr.) | |
| 1 | Common Stock Bancorp Hawaii | | | | | | | | | | | | | | |
| 2 | Common Stock Congress Street | | | | | | | | | | | | | | |
| 3 | Checking Accts. Natl Bank Comm. | | | | | | | | | | | | | | |
| 4 | Checking Accts. Union Planters Bank | | | | | | | | | | | | | | |
| 5 | Common Stock Morgan Keegan, Inc | | | | | | | | | | | | | | |
| 6 | Common Stock Union Planters | | | | | | | | | | | | | | |

Gilliland, James S.

SCHEDULE A

Page Number

| Assets and Income | | Valuation of Assets at close of reporting period | | Income type and amount. If "None or less than \$201" is checked, no other entry is needed in Block C for that item. | | Date (Mo, Day, Yr) | | |
|--|--|---|--|---|--|---|--|--|
| BLOCK A | | BLOCK B | | BLOCK C | | BLOCK D | | |
| Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period. Identify each asset or source of income which generated over \$200 in income during the reporting period. | | None (or less than \$1,001) \$1,001 - \$15,000 \$15,001 - \$50,000 \$50,001 - \$100,000 \$100,001 - \$250,000 \$250,001 - \$500,000 \$500,001 - \$1,000,000 Over \$1,000,000 | | Type Dividends Rent and Royalties Interest Capital Gains Excepted Investment Fund Excepted Trust Qualified Trust Other (Specify Type) | | Amount None (or less than \$201) \$201 - \$1,000 \$1,001 - \$2,500 \$2,501 - \$5,000 \$5,001 - \$15,000 \$15,001 - \$50,000 \$50,001 - \$100,000 \$100,001 - \$1,000,000 Over \$1,000,000 Only if "Other" specified | | Only if "Other" specified Homestead |
| None <input type="checkbox"/> | | | | | | | | |
| Central Airlines Common Dow Jones & Smith, Homestead, USA Nonpartisan Equity Fund Dow Jones & Smith personal photo | | | | | | | | |
| Note Receivable Glankler Brown (12/10/12 to 1/13) | | X | | X | | | | |
| Note Receivable Federal Express | | X | | X | | | | |
| Common Stock Eastover | | X | | X | | | | |

SP-270 (Rev. 1/91)
6-2 (Rev. 1/91)

U.S. Office of Management & Enterprise

Reporting Individual's Name

Gilliland, James S.

SCHEDULE C

Page Number

17

Part I: Liabilities

Report liabilities over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Do not include liabilities secured by residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for resolving charge accounts.

| Line | Creditor (Name and Address) | Type of Liability | Date Incurred | Interest Rate | Term of Liability (If applicable) | Quantity of Amount or Value (in \$) | | | | | | | | | |
|------|---|----------------------------------|---------------|---------------|-----------------------------------|-------------------------------------|------|------|------|------|------|------|------|------|------|
| | | | | | | 1001 | 1002 | 1003 | 1004 | 1005 | 1006 | 1007 | 1008 | 1009 | 1010 |
| 1 | Example: First District Bank, Washington, DC John Jones, 123 1st St., Washington, DC | Mortgage secured property (home) | 1991 | 10% | 25 yrs. | - | - | - | - | - | - | - | - | - | - |
| 2 | National Bank Commerce | Personal credit line | 1990 | 6% | Demand | - | - | - | - | - | - | - | - | - | - |
| 3 | National Bank Commerce | Real estate loan | 1989 | 6% | Demand | - | - | - | - | - | - | - | - | X | - |
| 4 | | | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | | | |

Part II: Agreements or Arrangements

Report your agreements or arrangements for future employment, leave of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

| Line | Name and Terms of any Agreement or Arrangement | Notes | Date |
|------|--|--|------|
| | | | |
| 1 | Example: Pursuant to partnership agreement, all receive half of profits of capital account & partnership share calculated on a 70-1/2-2 basis. (See instructions for more details.) | See, Jones & Smith, Washington, DC | 7/85 |
| 2 | Fully vested interests in profit-sharing plans of Glankler, Brown, etc., and JSC Consulting, Inc. Both are independently managed, defined contribution plans, from which I will receive benefits commencing not later than age 70-1/2. | Glankler, Brown, Gilliland, Chase, Robinson & Raines JSC Consulting, Inc. | |
| 3 | | | |
| 4 | | | |
| 5 | | | |

U.S. Office of Management & Enterprise

SP-278 (Rev. 1/90)
 5 C.F.R. Part 2634
 U.S. Office of Government Ethics

Reporting Individual's Name

Gilliland, James S.

SCHEDULE D

(Page Number)

18

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or

| Examples | Organization (Name and Address) | Type of Organization | Position Held | Dates Held, Yr | | None <input type="checkbox"/> |
|----------|------------------------------------|------------------------|----------------------|----------------|------|-------------------------------|
| | | | | From | To | |
| 1 | North American College, Inc. (NAC) | Non-profit education | President | 1982 | 1991 | None <input type="checkbox"/> |
| | Box 1000, 1000, 1000, USA | Law firm | Partner | 1982 | 1991 | |
| 2 | LeMoyné-Owen College, Memphis, TN | UNCF College | Trustee | 1979 | 4/93 | None <input type="checkbox"/> |
| | Memphis, TN | Family planning | Director | 1992 | 4/93 | |
| 3 | M. K. Gandhi Foundation | Non-violence advocacy | Director | 1990 | 4/93 | None <input type="checkbox"/> |
| | Memphis, TN | Leadership development | Director | 1992 | 4/93 | |
| 4 | Leadership Memphis, Inc. | Profit-making corp. | Secretary & Director | 1968 | 4/93 | None <input type="checkbox"/> |
| | Memphis, TN | Profit-making corp. | Secretary & Director | 1980 | 4/93 | |
| 5 | Ring Can Corp. | Profit-making corp. | Director | | | None <input type="checkbox"/> |
| | Rapac, Inc. | Profit-making corp. | Director | | | |

Part II: Compensation In Excess Of \$5,000 Paid by One Source

Report sources of more than \$5,000 compensation received by you or your firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source.

| Source (Name and Address) | | Type of Service | | Incentive / Termination / Filing Candidate: <input type="checkbox"/> Not Applicable <input type="checkbox"/> None <input type="checkbox"/> | |
|---|--|--|--|--|-------------------------------|
| Examples | | Type of Service | | | |
| Box 1000, 1000, 1000, USA Meine University (client of The Jones & Smith, Minneapolis, USA) | | Legal Services Legal services at transaction with university contribution | | | None <input type="checkbox"/> |
| Glankler Brown Gilliland Ptnshp | | Legal Services | | | |
| Ring Can Corp. | | Consulting Services | | | None <input type="checkbox"/> |
| Rapac, Inc. | | Consulting Services | | | |
| Dobbs Container Corp. | | Consulting Services | | | None <input type="checkbox"/> |
| JSG Consulting, Inc. | | Consulting Services | | | |
| | | | | | None <input type="checkbox"/> |
| | | | | | |

U.S. Office of Government Ethics

[illegible]

Gilliland, James S.

SCHEDULE D

Page Number

19

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None

| Examples | Occupations (Domestic & foreign) | | Type of Organization | Parliament Held | Years (B.C., Y.P.) |
|----------|--|--|----------------------------------|-------------------------|--------------------|
| | North Amer. of North Countries, NW, NY | Domestic & Foreign, International, USA | | | |
| | | | Non-profit education Law firm | President Member | 1991 1991 |
| | Foamlite, Inc. | | Profit-making corp. | Director | 1992 |
| | Cycle 6, Inc. | | Profit-making corp. | Secretary & Director | 1992 |
| | Ring Stockton, Inc. | | Profit-making corp. | Secretary & Director | 1991 |
| | Dobbs Arkansas, Inc. | | Profit-making corp. | Secretary & Director | 1992 |
| | Ring Hacon, Inc. | | Profit-making corp. | Secretary & Director | 1988 |
| | Mid-South Pump Co. | | Profit-making corp. | Director | 1973 |

Part II: Compensation In Excess Of \$5,000 Paid by One Source

Report source of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation. firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source.

Incumbent /

Termination F

Candidate ..

Not Applicable

| Source (Name and Address) | | Hard Disk Description of Discs** | Name |
|---------------------------|---|---|------|
| 1 | Example One Jones & Smith, Hometown, USA Myra University (Branch of One Jones & Smith), Hometown, USA | Legal records Legal records on discs (then with university construction) | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |

SI 278 (Rev. 1/91)

U.S. 401 (Part 2024)

Instructions for Form 278

Reported Individual's Name

Gilliland, James S.

SCHEDULE D

Page Number

20

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

| Line Item | Name of Organization (If not a firm, list the individual's name) | Type of Organization | Position Held | From (dd, yy) | To (dd, yy) | Excluded From Reporting |
|-----------|--|----------------------|----------------------|---------------|-------------|-------------------------|
| | | | | | | |
| 1 | Example: Doe Jones & Smith, Inc., USA | Non-profit education | President | 1988 | 1990 | 1990 |
| 2 | Rainer Farm Mortgage Co. | Profit-making corp. | Director | 1990 | 4/93 | |
| 3 | JSG Consulting, Inc. | Profit-making corp. | President & Director | 1990 | 4/93 | |
| 4 | G W Hospitality, Inc. | Profit-making corp. | Director | 1988 | 4/93 | |
| 5 | BBG Ltd. & BBG, Inc. | Profit-making corps | Director | 1989 | 4/93 | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |

Part II: Compensation In Excess Of \$5,000 Paid by One Source

Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source.

Incumbent/Former Candidate: ☐ Not Applicable ☐

| Line Item | Source (Name and Address) | Type of Service | Brief Description of Duties |
|-----------|--|-----------------|---|
| | | | |
| 1 | Example: Doe Jones & Smith, Inc., 123 Main St., Springfield, USA | Legal services | Legal services in connection with university construction |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |

**TESTIMONY OF JAMES S. GILLILAND, OF TENNESSEE, TO BE
GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE**

Senator CRAIG. I was extremely appreciative of our conversation the other day. Although you are a southerner. I won't hold that against you. You come with some tremendous experience from the private sector that I think is going to be extremely valuable.

Your resume tells me you bring a good deal of common sense and practicality from your experience with the issues you have approached over the years. When it comes to your responsibilities with USDA, while you have heard mostly food, farming and agriculture this afternoon, I need not remind you there is another big chunk out there called the U.S. Forest Service. And that makes you an attorney for the Forest Service in regards to a lot of these issues. You will be a participant in the management of about a quarter of my State or more, and that land mass is very important to us.

More importantly, what is becoming critical is the tug-of-war going on between the nonuser and the user, the preserver and the conserver and the Endangered Species Act versus the Clean Water Act. The fact is can we make a living off that land while preserving it and conserving it. Some of the decisions you are going to be asked to make will be extremely critical to my State.

As I mentioned, the Endangered Species Act is making great demands on the citizens of my State. The Forest Service has a very important role to play here, in concert with National Marine Fisheries and U.S. Fish and Wildlife Service. The Endangered Species Act takes a traditional user base, like our grazers and our loggers and our miners, and makes them third-class citizens in the discussion. All of a sudden, water and salmon have a priority well above the human species, and that is very frustrating to the citizens of my State. In fact, it has gone well beyond frustration. A rapid anger is growing out there that does not serve this country well.

We are now beginning to recognize that public land is no longer an asset, but a phenomenal liability that we must bear up under. It should not be that way. I have a beautiful State. Sixty-four percent of it is owned by the citizens of this country. There deserves to be a cooperative attitude, and the responsibilities are many. Your work is going to be very important to me and to our State.

So welcome aboard.

Mr. GILLILAND. Thank you, Senator. I have been to your State and it is a beautiful State. The problems that you refer to in the entire environmental area are not only problems to the State of Idaho, but they are problems which we face throughout the country. There are a number of legal actions which are currently pending in which the U.S. Forest Service is under various injunctions for various reasons in various places. All of this presents a problem and a challenge to those in our area to work together better. We recognize that is a challenge that we absolutely must address.

Senator CRAIG. Thank you very much.

Let me also welcome you, Ms. Haas.

[Ms. Haas' biographical and financial data follow:]

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

Ellen Weinberger Haas

2. Address: List current place of residence and office address (es). List all office and home telephone numbers where you may be reached.

Home

3717 Fulton Street
Washington, D.C. 20007
(202) 333-3910

Office

United States Department of
Agriculture
14th & Independence Avenue
Room 240-E
Washington, D.C. 20250
(202) 720-7711

3. Date and place of birth.

July 25, 1939

Brooklyn, New York

4. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address (es).

Divorced

5. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

University of Michigan - 1957-1961
B.A. honors in History- 1961

6. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

1982-1993 - Public Voice for Food and Health Policy
Executive Director

Directed a research, education and advocacy organization which works to advance the consumer interest in food, agriculture and nutrition issues. Managed a staff of 15 and an annual budget of \$1.2 million. Served as a leading consumer spokesperson on food, agriculture and nutrition policies and programs before Congress, in public forums and the national media.

1976-1993 - Consumer Federation of America
President (1981, 1982, 1984, 1985, 1986)
Vice President (1987-1993)
Board of Directors (1976-1981)

Served as unpaid officer of nation's largest consumer organization responsible for policy and organizational oversight.

1987-1991 - Second Harvest National Food Bank Network
Board of Directors

Served as unpaid director providing policy and organization oversight.

1976-1982 - Community Nutrition Institute
Director, Consumer Division

Developed and directed consumer and nutrition programs focusing primarily on low income consumers.

1975-1976 - National Consumer League
Acting Executive Director; Program Director

Managed and directed the programs of a 3 person consumer policy organization.

1973-1975 - Montgomery County (MO) Office of Consumer Affairs
Consumer Education Director

Directed the education programs including the development and distribution of materials; newspaper columns and speeches.

1961-1963 - John Marshall High School, Oklahoma City, OK

Teacher

Taught 11th grade American History.

7. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

No

8. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

None

9. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

1961 - Honors in History - University of Michigan.

1961 - (President) Women's Honor Society, University of Michigan.

10. Other Memberships: List all organizations to which you belong, excluding religious organizations.

1. Public Voice for Food and Health Policy
2. Consumer Federation of America
3. American Institute for Food and Wine

11. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

The following reports were published at Public Voice for Food and Health Policy, Washington, D.C.;

Agriculture First: Nutrition, Commodities and the National School Lunch Program (1992)

Training For Healthy Eating: A curriculum Guide For Preschool Teachers (1992)

Heading For A Health Crisis: Eating Patterns of America's School Children (1991)

What's For Lunch? II A 1990 Survey of Options (1990)

What's For Lunch? A Progress Report on Reducing Fat in the School Lunch Program (1989)

Making the Grade: A Healthier Course for School Lunches (1988)

Higher Prices, Fewer Choices: Shopping for Food in Rural America (1990)

Off to a Poor Start: Infant Health in Rural America (1989)

Gaining Ground: A Food Policy Agenda for the Rural Poor (1989)

Full Fields, Empty Cupboards: The Nutritional Status of Migrant Farm Workers (1989)

Patterns of Risk: The Nutritional Status of the Rural Poor (1988)

Profiles of Rural Poverty: Facing Barriers to the Food Stamp Program (1987)

Rising Poverty, Declining Health: The Nutritional Status of the Rural Poor (1986)

Blinded by "Lite": How Consumers View Food Labeling Claims (1992)

Lean on Labels: A Survey of Meat and Poultry Products in Today's Marketplace (1991)

No License To Label: How Federal Standards Restrict lower Fat Foods (1991)

Biotechnology and the Food Supply: Looking at the Tough Issues (1989)

Nutrition Labeling: Piecing Together a Health Diet (1989)

Reducing Dietary Fat: Strategies for Community Leaders (1990)

Federal Policy at a Crossroads: The Challenge of Sustainable Agriculture (1992)

Trying to Take Root: Sustainable Agriculture in The U.S. Heartland (1992)

Cutting to The Core: Cosmetic Quality and Pesticide Use on Apples (1991)

On the Way to Market: Roadblocks to Reducing Pesticide Use on Produce (1991)

Agriculture Policy, Consumers and the Environment: A Guide to the 1990 Farm Bill (1990)

A Blueprint for Pesticide Policy: Changing the Way We Safeguard, Grow and Market Food (1989)

Pesticide Policy and the Consumer: How We Safeguard, Grow and Market Our Food (1989)

A Marketbasket of Food Hazards: Critical Gaps in Government Protection (1983)

New Directions for U.S. Dairy Policy: An Analysis of the Alternatives (1985)

Contaminated Catch: Holes in the Shellfish Safety Net (1989)

Hazardous Fish: The Raw Facts - The Need for a Mandatory Federal Fish Inspection Program (1989)

The Great American Fish Scandal: Health Risks Unchecked (1986)

A Menu of Food Safety Failures; What the Bush Administration is Serving Consumers. (1992)

12. Health: What is the present state of your health?

. Excellent

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, association, and/or organizations?

Yes

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, incomplete contracts business relationships, professional services, firm memberships, former employers, clients, or customers.

None

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

No

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

No

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Farmers Home Administration? (If yes, give details of any such loan activity during the past five years.)

No

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program?

No

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain)

No

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, association, or organizations after completing government service? (If yes, give details.)

No

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

No

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

None

11. Have you ever received a government guaranteed student loan?
If so, has it been repaid?

None

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

N/A - (see above)



United States
Office of Government Ethics
1201 New York Avenue, NW, Suite 500
Washington, DC 20005-3917

MAY 7 1993

The Honorable Patrick J. Leahy
Chairman
Committee on Agriculture, Nutrition and Forestry
United States Senate
Washington, DC 20510

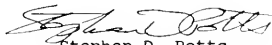
Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Ellen A. Haas, who has been nominated by President Clinton for the position of Assistant Secretary for Food and Consumer Services, U.S. Department of Agriculture.

We have reviewed the report and have also obtained advice from the Department of Agriculture concerning any possible conflict in light of the Department's functions and the nominee's proposed duties. Also enclosed is a letter from the nominee, dated May 4, 1993, which discusses Ms. Haas' ethics agreements with respect to recusals, resignations and certain other matters.

Based thereon, we believe that Ms. Haas is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,


Stephen D. Potts
Director

Enclosures



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

May 4, 1993

Honorable Stephen D. Potts
Director
Office of Government Ethics
Suite 500
1201 New York Avenue, N.W.
Washington, D.C. 20005

Dear Mr. Potts:

The purpose of this letter is to outline the steps which I intend to take in order to assure that no conflict of interest will exist between my personal financial interests and the duties I will perform if confirmed to serve as Assistant Secretary of Agriculture for Food and Consumer Services and as a Member of the Board of Directors of the Commodity Credit Corporation (CCC).

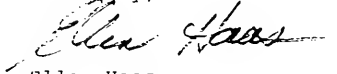
In 1982, I founded Public Voice for Food and Health Policy (Public Voice), a consumer advocacy organization which takes positions on issues of public policy affecting food, nutrition, and the Nation's health. I have served since that time as the organization's Executive Director, and as a Member of its Board of Directors. In those roles, I have from time to time filed comments on food and nutrition issues pending within the Department of Agriculture, and have represented consumer interests generally in connection with some of the Department's programs and activities.

I will, of course, resign from my positions with Public Voice upon my confirmation to serve in the positions for which I have been nominated, and will thus have no remaining financial interest in Public Voice. I wish to take an additional step, however, in order to assure that my long association with Public Voice gives rise to no conflict of interest in connection with the duties I will perform at USDA. Consequently, in order to avoid even an appearance of a conflict of interest, I hereby pledge to recuse myself from participation in any particular matters involving specific parties in which Public Voice is involved as a party or in a representational role. Such recusal will remain in effect for a period of one year after I take office as an official of USDA.

As reflected on my Financial Disclosure Report, I also currently serve, on an unpaid basis, as Vice President of the Consumer Federation of America and as a Trustee of the Food and Drug Law Institute. I also pledge to resign from these positions upon my confirmation to serve as an official of USDA.

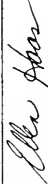
I believe that the steps which I intend to take, as outlined above, will assure that no conflict of interest will exist between my personal financial interests and the duties I will perform if confirmed to serve as Assistant Secretary for Food and Consumer Services and as a Member of the Board of Directors of the CCC.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ellen Haas", with a horizontal line extending to the right.

Ellen Haas
Assistant Secretary-Designate

Executive Branch PUBLIC FINANCIAL DISCLOSURE REPORT

| | | | | | |
|--|--|---|--|--|------------------------|
| Reporting Status <input type="checkbox"/> Incumbent <input checked="" type="checkbox"/> Former | | Calendar Year Covered by Report 1992-1993 | Area of Appointment, Candidacy, Election, or Nomination (Month, Day, Year) <input type="checkbox"/> Election (win/loss) <input type="checkbox"/> Other | Termination Date (If Applicable) (Month, Day, Year) | Agency Use Only |
| Reporting Individual's Name Haas | | First Name and Middle Initial Ellen A. | | | |
| Position for Which Filing Assistant Secretary for Food & Consumer Services | | Department or Agency (If Applicable) USDA | | | |
| Location of Present Office (or preceding office) (Incumbent) Held with the Federal Government During the Preceding 12 Months (If the Subject is Retiree) | | Address (Number, Street, City, State, and ZIP Code) Public Voice, Suite 522 1001 Connecticut Ave., Washington, DC 20036 Telephone No. (Include Area Code) (202) 659-5930 | | | |
| Previous Office (If the Subject is Retiree) | | Do You Intend to Create a Qualified Domestic Trust? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | |
| Signature of Reporting Individual  | | Date (Month, Day, Year) 4-16-93 | | | |
| Other Review (If desired by agency) | | Signature of Other Reviewer _____ | | | |
| Agency Ethics Official's Opinion The information contained on this report discloses no conflict of interest under applicable laws and regulations. | | Signature of Designated Agency Ethics Official/Predecessor Official Larry R. Apple | | | |
| Office of Government Ethics Use Only | | Signature _____ | | | |
| Comments of Reporting Officials (If additional space is required, use the reverse side of this form) | | Date (Month, Day, Year) 5/7/93 | | | |

Reporting Individual Name

Ellen Haas

SCHEDULE B

New Entrant/Nominee/Cand date

**New Entrant/Nominee/Can
Schedule Not Applicable**

Page Number

✕

Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent child during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeds \$100,000. Include transactions that resulted in a loss. Do not

Identification of Agents

| | |
|---------|-------------------------|
| Example | Central Airlines Common |
|---------|-------------------------|

Nominee - Not applicable

Part II: Gifts, Reimbursements, and Travel Expenses

Report the source, a brief description (including travel, dates, and the nature of expenses provided), and the value of (1) transportation (including food or entertainment received from one source totaling \$250 or more (unless received as personal hospitality at the donor's personal or family residence); (2) other gifts from one source totaling \$100 or more in value; and (3) cash reimbursements of \$250 or more from one source. Exclude gifts, reimbursements and travel expenses from the U.S. Government. Also exclude gifts from relatives, gifts of \$75 or less when aggregated for the total from one source, and gifts and reimbursements received by your spouse or dependent child that were given totally independent of the relationship to you. See instructions for further exclusions.

Source (Name and Address)

Brief Description

Value

| | |
|----------|---|
| Examples | <p>Net1 Asset of Rock Collections, NY, NY</p> <p>Net1 Asset of Rock Collections, NY, NY</p> <p>Net1 Asset of Rock Collections, NY, NY</p> |
|----------|---|

Airline ticket, hotel room & meals incident to national conference (6/15/90)

Leather briefcase for returning consultant

5015

Nominee - Not applicable

| | | | |
|--|--|-------------------------|--|
| Reporting Individual's Name Ellen Haas | | Page Number 1 | |
|--|--|-------------------------|--|

SCHEDULE C

Part I: Liabilities

Report liabilities over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances, and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

| Creditor (Name and Address) | | Type of Liability | | Date Incurred | | Interest Rate | | Term of Repayment | | Character of Asset - Value \$ | | | | | |
|-----------------------------|---|--|------------------|---------------|------|---------------|-----|-------------------|-------------|-------------------------------|------------|------------|------------|------------|------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| Example | First United Bank, Washington, DC John Jones, 123 St. Washington, DC | Mortgage on rental property. Delinquent. | Home equity line | 1988 | 7.50 | 10 YRS | 10% | 10 YRS | undisbursed | 000,000.15 | 000,000.15 | 000,000.15 | 000,000.15 | 000,000.15 | 000,000.15 |
| 1 | Bank of Baltimore, Baltimore, MD | Home Equity Line of Credit | | 1988 | 7.50 | 10 YRS | | | | | | | | | |
| 2 | Baltimore & Charles Streets, Baltimore, MD | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | | | |

Part II: Agreements or Arrangements

Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☒ None

| Salary and Terms of any Agreement or Arrangement | | Period | |
|--|--|----------------------------------|------|
| 1 | 2 | 3 | 4 |
| Example | Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 12/31, and retained pension benefits (under pension plan managed fully funded defined contribution plan) | Due Jones & Smith, Hometown, USA | 7/85 |
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |

TESTIMONY OF ELLEN W. HAAS, OF NEW YORK, TO BE ASSISTANT SECRETARY OF AGRICULTURE FOR FOOD AND CONSUMER SERVICES, AND A MEMBER OF THE BOARD OF DIRECTORS, COMMODITY CREDIT CORPORATION

Senator CRAIG. Let me suggest, as I did to a now Secretary of the Interior, what kind of a person are you going to be? Are you going to remain an advocate and a critic, or are you going to become an administrator of a very large chunk of the USDA budget? It is with those thoughts in mind that I would like to ask you to respond to some questions this afternoon. You have developed a national reputation, and obviously your visibility as an outspoken critic and consumer advocate has made this nomination possible.

Although I do not criticize it, I openly spoke the other day in the office as a producer or someone who views his responsibility in representing a State like Idaho, largely from the producer side of that equation. Sometimes I am a bit frustrated by consumer advocacy. In my opinion, its criticism does not always take into account the importance of the farmer and their ability to produce such phenomenal abundance for this country.

As that outspoken critic, you have talked about the School Lunch Program. You are going to have responsibility over that program now. You have talked about the types of food served to our young people, frequently contending that fat content of specific types of food served in our lunches is simply too high.

Nutritionists are now telling us that when examining the healthfulness of our diet, we should not look at one particular food or even one particular meal, but rather, focus on the total diet. How will you approach this issue of the nutritional content of our school lunch programs? What will be the policies that you will attempt to implement?

Ms. HAAS. Senator Craig, as we discussed the other day—and I really did appreciate the opportunity to come in and meet with you—I expressed to you, to begin with, that in this new responsibility, should I be confirmed, it is so important to keep in mind the objective to improve the nutritional and health well-being of all Americans, particularly our children, and it is that objective that I bring to this position.

Also, let me say that I am following in the legacy of the people's Department, that the Department of Agriculture was set up over 100 years ago to be the people's Department, which means that it is to balance the interests of farmers and consumers. And through my career of 20 years, I have spent much of my time building bridges to the farm community, to agriculture, to the food industry, to consumers who are disenfranchised, and I hope I can bring that tradition of continuing to build those bridges in the making of policy.

Senator CRAIG. With that in mind, how would you define the objectives of the School Lunch Program?

Ms. HAAS. Well, to begin with, the School Lunch Program provides public health objectives, and we have today a set of reports and scientific consensus that comes from the Surgeon General, that comes from the National Academy of Sciences and that comes from the Department of Agriculture and the Department of Health and

Human Services, which is the Dietary Guidelines for Americans. They provide our framework for carrying out the menus in the School Lunch Program, and I look forward to working with the committee and the leadership of all of those on the committee to improving the School Lunch Program, so that it does in fact meet the dietary guidelines.

Senator CRAIG. Now, if it meets all of these dietary guidelines, but the kids do not eat it, have you served your purpose?

Ms. HAAS. I think the eating of it is critically important.

Senator CRAIG. You know, there is a bottom line to your business and that is it.

Ms. HAAS. As my kids would say, if it doesn't taste good, mom, we don't eat it.

Senator CRAIG. You've got it.

Ms. HAAS. Most importantly, more than 50 percent of school lunches are served to needy kids, and this is the time that they need that all important food. So I think you have to balance taste, certainly, with the healthfulness of the food.

So I am here today to say that we have to take a very hard look at how we try to improve the School Lunch Program, so that it meets all of its objectives.

Senator CRAIG. I think social experimentation is an exciting thing, but when it comes to the bottom line, feeding hungry kids, sometimes I have a feeling they are getting tired of being social experiments. Although we need to be concerned about our food guidelines, as I visit school lunch programs and note the kind of food they are served, they eat the kind of food that simulates most closely what they get at home. And if you have one totally out of step with the other, oftentimes it doesn't work very well.

When I say that, I am frustrated. You know, I am concerned about fat in my diet. I look at these neat low-fat cheeses today, and I have tried them all—most of them are not very tasty. When cooked they don't always look very appetizing. Put them on pizzas and casseroles and melt them over cheeseburgers and they take on strange shapes.

I will also tell you that the greatest critic in the world today of food are young kids. How do you offset those kinds of differences, if your principal goal is low fat? I know you have been very outspoken on that, primarily with dairy products in that food equation—how does it work?

Ms. HAAS. To begin with, let me say that one of the areas that I think is ripe with opportunity is the area of nutrition education, that we have a need to build practices among our children of improved dietary practices, and nutrition education has not gotten the attention, the support, the creativity that is needed to help complement the changes that you need to make in the quality of the School Lunch Program.

I hope to work with this committee, particularly Senators Lugar and Leahy, who have been out in front about looking at the program and recommending ways we can continue to improve the health of our children.

I look forward to working with you. You have expressed to me how you lost 45 pounds and the importance that made to your life.

I would like to improve the lives of America's children the same way.

Senator CRAIG. Thank you very much. Let me ask one more question, Mr. Chairman, and for the sake of the committee I will submit the balance of them for the record and would appreciate your response on them.

Ms. HAAS. Surely.

Senator CRAIG. We sometimes get caught up in this great discussion of ours, and it happens in this committee, of good foods versus bad foods. My problem 45 pounds ago was, to paraphrase Will Rogers, I hadn't had a food I didn't like, and I had to learn to sort things out a little bit.

You have been in the business of defining over the years in your advocacy role. How do you define good foods versus bad foods?

Ms. HAAS. That is not the approach I have ever taken—good food/bad food—and it is not the one that I think can help educate children. I think what we need to do is focus on where we need to improve the diet. For example, in fruits and vegetables, there is a wonderful program called Five A Day that is encouraging children to eat more fruits and vegetables.

Dietary Guidelines does not talk about bad foods. So I think we need to take, as I said earlier, a creative look at educating children about how to meet our health objectives.

Senator CRAIG. To all of you, the best of luck. We look forward to working with you.

Mr. Chairman, thank you very much.

The CHAIRMAN. We are going to set up the Haas-Craig program perhaps for the committee. That is Senator Lugar's suggestion.

Senator CRAIG. I have tried to run with him and I can't keep up. [Laughter.]

The CHAIRMAN. None of us can. I am far too old, otherwise I would.

If I might just add to what Senator Craig was saying regarding school lunch social experimentation. Ms. Haas, you spoke of nutrition education, and I agree with you as to the necessity of that.

I think one of the points Senator Craig is making very well, at least as I hear it, is that you are not going to do nutrition education, unless you also make nutrition appetizing. I suppose you could put together some kind of a tasteless, pellet-form food that would have most of our nutrition and vitamins and all in it, but nobody is going to eat it.

There are ways of putting together varying nutritional food and to make it tasty and appetizing and appealing. It gets more and more difficult, I suppose, when you are sitting in a cafeteria in a school where you have to feed 800 kids, most of whom have something on their minds other than following nutritional guidelines. But I think that is a challenge for us.

I have been in some school lunch programs and some school breakfast programs where I suspect the basic food items are there. I would not eat it. If there is a fast-food place nextdoor and I was there and had the money—and in some of these schools you have a big difference between kids that are pretty affluent and those that are not—I would just go nextdoor and buy something that, as Senator Craig says, I am used to eating.

I think that the challenge is to devise it otherwise. I think in some areas it has gone along as much by inertia. I mean you have a big hunk of gray meat that comes in or soggy canned vegetables, or a block of butter like this which is kind of repulsive looking when it comes in, what are you going to do? Are you serving milk that is not what the kids want? Yet, we could have more traditional milk and make it taste better, even if it is low fat. These are things I think ought to be addressed.

Ms. HAAS. I agree with you very much, and work has already begun in the child nutrition programs where there has been an effort to test new recipes that do meet the dietary guidelines, but at the same time are tasty.

There are coalitions of chefs across the country who have offered their help to the School Lunch Program that I would like to work with in trying to find ways of making food that is tasty and presentable, because how it is presented to children matters a great deal, also, and we need to find ways of meeting the dietary guidelines in a very tasty and attractive manner.

The CHAIRMAN. And find a way to give some ability to experiment in local areas. What might be something very appealing in Idaho might be entirely different in Alabama and different again in Vermont. Plus the fact that there may be indigenous things people are used to eating that are different from each place, but still have equal or comparable nutritional value. Let the people determine how to use some of the indigenous foods and ways of preparing it and let some of them experiment, give them enough flexibility to do it.

One of the complaints I have heard is, I would like to prepare good food but I have to fill out paperwork. Give me a chance to try the other. Of course, when you are dealing with hundreds of millions or even billions of dollars, some of that paperwork is necessary, but there has to be a better way. Otherwise, we lose a wonderful opportunity to teach good nutrition to our children and also a wonderful opportunity for them to get nutritional food at a time when it is probably most important in their life.

Ms. HAAS. I could not agree with you more, and I look forward to working with the whole committee on this, because I think it is a major responsibility that we have. We want the School Lunch Program to serve the needs not just of some of the children, but of all of the children. Currently there is not enough emphasis on regional produce, for example. Oftentimes farmer's markets can offer schools opportunities to purchase vegetables that are locally grown in the summer, in September and October, and we don't take enough advantage of things like that.

The CHAIRMAN. In our State, I suspect some Idaho potatoes would show up.

Mr. Gilliland, when you go on to be General Counsel, I am interested in just how you see that role. You have 115,000 employees at the Department. Are you their counsel, or are you a personal counsel to the Secretary, or are you an administrator who provides legal service to all of the different agencies within the Department? How do you define your role?

Mr. GILLILAND. Well, Senator, I think that the Office of General Counsel is analogous to a large law firm whose clients are the

agencies of the USDA. In that sense, we have a broad responsibility to be familiar with and to counsel them with regard to their programs and the problems that come up and to provide what lawyers do best, which is to say to provide advice in specific circumstances, but at the same time not to make policy for them, because each of the individual Assistant Secretaries and Under Secretaries, like Mr. Moos on my left, is going to be the one who is going to make the policy. Hopefully we can be a participant in that, as we were in private practice.

The CHAIRMAN. Even with the thoughts of reorganization that are going on, do you see that as affecting your ability to carry out your role as a General Counsel?

Mr. GILLILAND. I really do not, sir.

The CHAIRMAN. Let me ask you about Dunavant Enterprises. Am I pronouncing that correctly? Is it Dunavant?

Mr. GILLILAND. Dunavant [pronouncing differently].

The CHAIRMAN. Dunavant.

Mr. GILLILAND. Yes, sir.

The CHAIRMAN. Gosh, you said that pretty fast. [Laughter.]

The CHAIRMAN. If you are confirmed as General Counsel, will you recuse yourself from issues affecting them?

Mr. GILLILAND. Yes. I have given a letter to the OGC so indicating, and I see no problem in that connection.

The CHAIRMAN. Now what is your connection with them today?

Mr. GILLILAND. Well, I have no connection with them today. I am proud that I have been able to participate with that company as it has become one of the larger and more successful companies of our State, and, of course, it is very active in the world cotton area.

The CHAIRMAN. Do you have a trading account with them?

Mr. GILLILAND. Oh, I have a trading account, and I have advised that upon the confirmation, if you gentlemen are kind enough to confirm the three of us, then that is to be terminated; yes, sir.

The CHAIRMAN. Well, good. That is the answer that I had in mind, because I was going to ask how you could possibly deal with such things as the cotton support program or the cotton futures market if you still held that trading account.

Am I correct in understanding that if you are confirmed, that that trading account would be terminated?

Mr. GILLILAND. Oh, of course.

The CHAIRMAN. Thank you.

There are two questions that I did not ask of either you or Ms. Haas. Mr. Gilliland, I will ask you first: If you are confirmed by the Senate, will you faithfully execute the laws of the Congress, the laws passed by Congress, regardless of any prior statements you have made or biases you have held?

Mr. GILLILAND. I will.

The CHAIRMAN. And if your nomination is approved by the committee and the Senate, do you promise to respond to requests to appear and testify before this committee or any other duly constituted committee of the Senate?

Mr. GILLILAND. I do.

The CHAIRMAN. And, Ms. Haas, if you are confirmed by the Senate, will you faithfully execute the laws passed by Congress, re-

gardless of any prior statements you have made or biases you may have held?

Ms. HAAS. I will.

The CHAIRMAN. And if your nomination is approved by the committee and the Senate, do you promise to respond to requests to appear and testify before this committee or any other duly constituted committee in the Senate?

Ms. HAAS. I do.

The CHAIRMAN. I do want to give each of you a chance, if you had an opening statement, either to make it or put it into the record before we go back to any other questions.

Mr. Moos, did you wish to make any type of an opening statement? There is going to be a little bit of cut and paste on this transcript to get it back in order, but you understand with the vote what we had to do.

Mr. Moos. Yes, Mr. Chairman, I was advised yesterday afternoon that I needed to have a statement prepared, so I spent half the night preparing a statement. [Laughter.]

Mr. Moos. And I would be very much appreciative if I may include that in the record.

The CHAIRMAN. You may. You may even give it, if you want.

Mr. Moos. Well, it is short, but it still would take about five minutes.

The CHAIRMAN. Go ahead. Give us the statement. If you stayed up that late to do it! [Laughter.]

Mr. Moos. Well, thank you very much, Chairman Leahy and other members of the committee.

First, I want to thank my friend, Tom Foley, for his kind words of support and encouragement. If Representative Tom Foley, the then newly elected chairman of the House Agriculture Committee, had not invited me to Washington to become his Agricultural Assistant back in 1975, I would never have had this opportunity to be considered for this appointment. I will never forget that he made that possible, and I only hope that I can measure up to his expectations.

I also want to express my appreciation and affection to my wife, Susan, for her support. We both understand that this job could be very time consuming.

Mr. Chairman and members of the committee, I am both privileged and humbled by this opportunity to serve President Clinton, to serve you, and if confirmed to serve to the best of my ability the agricultural interests of this great country. Such service for me, given my background, is a very great honor indeed.

As you know, I am a product of rural America. My parents were farmers, producing wheat on a farm in Eastern Washington that was first plowed out at the turn of the century.

I started my education in a one-room rural schoolhouse where one teacher, who boarded with a neighbor, taught all eight grades. There were 16 students, including my older sister and myself. Fortunately for me, by the time I was ready for the third grade, our rural school was consolidated with the public school, and thereafter the quality of my education improved.

Another thing that began to improve during that same time was the type of farming that was coming into operation in Eastern Washington and across the country.

As a boy going up, I had the privilege of watching farming, including my father's farm, shift from horse to tractor power. This shift, which reduced the hours of work and drudgery of farming considerably, also coincided with the introduction of Federal farm programs.

These new Federal farm programs were needed because the introduction of the combustion engine to farming freed up about one-fourth of the total acres of crop land which previously had been used to provide fodder for the draft animals. Adding that additional production from those acres to the market has contributed to a cycle of overproduction which, with the exception of World War II and the Korean War, continues to give all of us in agriculture some concerns.

As a consequence of this ability to overproduce the effective demand, my father always supported the need for a Federal presence to stabilize farm production and farm income. And once I took over the management of the family farm, I, too, supported the need for a continuing Federal presence; hence my interest and involvement in the various State and National wheat grower organizations in which I served during the 25 years I was directly engaged in farming.

I still have vivid memories of my first year in farming when a late-June frost destroyed half of my crop. Had I not been eligible for Federal price support loan protection on the one-half of the crop that survived, that year's low market prices most likely would have ended my farming career. It took me a few years to recover from that poor start, but it taught me a very important lesson. It made me aware of the value of the partnership that farmers have with the Federal Government, and I have been working to improve that relationship ever since.

In fact, I believe that partnership has grown in importance. Farming is much more risky today than it was when I was in the business. As regards to risk, I was never comfortable in farming until I had at least one crop ahead. By that, I mean I felt I had to have enough in the bank after harvest to not only cover my family's living costs for the next year, but also to finance next year's crop. Today few farmers have that luxury, given the huge capital requirements they face. And when one considers the risk inherent in producing for foreign markets, it seems to me there will be a need for an even stronger partnership in the future.

My agenda for production agriculture over the next four years is to try to strengthen that partnership by providing assistance when needed and to do it in a way that does not stifle the market orientation of present farm policy. I believe that that partnership can be strengthened without giving up that focus, and furthermore I believe that we can devise ways to reduce the level of paperwork required of farmers at the same time.

The other part of my agricultural agenda, which I consider even more important, will be to do everything within my power to increase the level of our agricultural exports. I am convinced that the world market is the growth market of the future, and that all

of our agricultural planning should be aimed at developing our export capabilities to the fullest extent possible. If confirmed, my highest priority will be to expand our export market opportunities.

In closing, since I believe all farmers are conservationists at heart, I believe there is also a need for a partnership between farmers and the Federal Government in order to protect the environment. I intend to do all I can to help develop a better working partnership, so that all can share the pride of protecting the environment.

Thank you very much for this opportunity, Mr. Chairman and members of the committee.

The CHAIRMAN. Thank you, Mr. Moos.

Mr. Gilliland, did you have any statement that you wished to make, sir?

Mr. GILLILAND. Senator, I would like to suggest that my statement be entered into the record.

[The prepared statement of Mr. Gilliland follows:]

PREPARED STATEMENT OF JAMES GILLILAND, GENERAL COUNSEL DESIGNATE

Mr. Chairman and members of the committee:

I am delighted to have the opportunity to come before you today as President Clinton's nominee as General Counsel to the U.S. Department of Agriculture. I am both pleased and excited to be here.

But I find that people keep asking me, "Why are you here?" Sometimes I wonder myself. It's certainly not for the joy of moving, or for the money. I think it's for the challenge. There appears to be plenty of that.

I come to this position out of private practice. It's been a happy, challenging and prosperous time. As the world has turned over these 30 years, I've learned a lot that I didn't know as a young man. One of the things that I learned is that it is the customer whose opinion counts. In the practice we are judged by the happiness of our clients. We had better be creative, and give value for our services, and keep them happy—they pay all of our bills and pay us a profit too. It's really not that different here.

I like Mike Espy's quip that success is "not just making the train run on time, it's making the passengers happy." He understands this. We understand that in the USDA it is the customer whose opinion counts, just like it is in business.

Another thing that I have learned is that things are going to change. Change is constant—it's how you respond to change that is the variable. The President asks us to reorganize, to make positive changes. That's expected of us.

But, I have also learned that you don't come in and tell people that what they've been doing is all wrong and that you are going to tell them how to do it right. That doesn't work. It doesn't work around the house either, you know. You can't reorganize by telling people things from the top. For fundamental change to occur, it has to happen with the people who deal with our customers. It takes all of us working together to make the passengers happy. That's our challenge, Mr. Chairman. If confirmed, that's what we plan to do. When the passengers are happy, that's when we'll know that we have done a good job.

Mr. GILLILAND. I would like to make one observation.

The CHAIRMAN. Please.

Mr. GILLILAND. As has been observed here, reorganization is a challenge before us. I come from the private sector in the private practice of law, which has been good to me. We learn one thing that we really learn well, and that is that our happiness depends upon our clients' happiness. Our success depends upon how well the client thinks that we have done a good job. As a matter of fact, the client pays all of our bills plus our profit.

Now from this, we learn that it is the customer and the final consumer, in this instance, whose happiness really matters with us.

In approaching the problems of reorganization of the USDA, I hope that we can bring to it the spirit that says that we will only have succeeded when the customer, when the farmer, when the people who deal with the USDA, are happy with what we have done.

Secretary Espy quipped the other day that our success would not be determined by whether the train ran on time, but whether the passengers were happy. That is consistent with my experience over the last 30 years in the practice of law, and that is the attitude that I hope that we three bring to you and will bring to the Department.

The CHAIRMAN. Thank you very much, Mr. Gilliland.

Ms. Haas.

Ms. HAAS. Thank you, Mr. Chairman.

I would just like to summarize very briefly the statement, but first I would like to say how much I appreciate your kind introduction. Having lived in Washington for 27 years, I appreciate your introducing me today. It is really quite an honor, being introduced by a real champion for consumers and farmers alike.

Also let me say that though I have testified at this committee many, many times, there is really no other time that has been so meaningful to me. For 20 years, I have been an advocate for consumers, so that they can have access to a safe, nutritious, and affordable food supply. And I think that the experience that I have gained through those years will enable me to advance the agenda that President Clinton and Secretary Espy have laid out, should I be confirmed.

But so, too, as I said earlier, the bridges that I have built throughout the food and agriculture system will prove invaluable.

I started my consumer career in 1973 when Lisa and Jason were very young, because I wanted to improve the future that they faced. And I am so pleased that they have grown up to be such outstanding and caring individuals, who have been so supportive of their mom as she has worked and toiled all these years. But their support really fueled my desire to work for a better future for those who do not have the opportunities that we have.

So, too, my parents, who could not be here today, really served as models for working hard and really trying to make a difference for others.

There are many challenges I will face in pursuing this job, should I be confirmed. But the one fact that I am struck by is that the American table has become for many of our citizens a paradox, a paradox of insufficiency and excess.

Too many Americans every day sit down to a table on which there is just too little food. For other Americans, the excesses of our diets are taxing our health system and eroding our competitive edge.

Mr. Chairman and members of the committee, I am committed to working very hard to improve the nutritional and health status of our Nation's consumers.

First, I want to begin, should I be confirmed, to make sure that we reach out to all who are eligible to participate in our food assistance programs.

Second, I want to initiate national nutrition efforts that educate consumers and improve the quality of our food and our programs as an investment in the health of consumers.

And third, I hope I can create new relationships with diverse programs and groups. During my 10 years as the founding executive director of Public Voice for Food and Health Policy, I valued the importance of making linkages and building coalitions to achieve shared policy goals. All who are part of our food system—consumers, farmers, the industry, and Government—have a stake in this very important agenda.

In closing, I appreciate the opportunity that Secretary Espy and President Clinton have given me, and I hope we can all work together to make a difference and improve the nutrition and health of our Nation.

Thank you.

[The prepared statement of Ms. Haas follows:]

PREPARED STATEMENT OF ELLEN W. HAAS, ASSISTANT SECRETARY FOR FOOD AND
CONSUMER SERVICES DESIGNATE

Chairman Leahy, Senator Lugar and members of the committee, I am truly honored to appear before you today as President Clinton's nominee to be the Assistant Secretary of Food and Consumer Services in the Department of Agriculture. Though I have been a witness at numerous hearings before this important committee, there never has been an occasion that was more personally meaningful.

For the past 20 years, I have worked on behalf of consumers to promote access to a safe, nutritious and affordable food supply. The experience and knowledge I have gained provide the foundation I need to advance the agenda set out by President Clinton and Secretary Espy should I be confirmed. And the bridges I have built throughout the food and agriculture system will prove invaluable as we begin to tackle the serious food and nutrition problems facing our Nation.

I started my consumer career in 1973 to work for a better future for my children Lisa and Jason. I am so pleased to introduce them today and I am so proud that they both have grown up to be such outstanding and caring individuals. Their understanding, support and interest in my work has been a constant source of energy. They also have fueled my desire to work for a better future for those who do not have the opportunities that we have.

My direction has been charted by the lessons I have learned from my parents, Ethel and Everett Weinberger. Together they have provided a model to work hard and use my energies to "make a difference." Their support and encouragement have brought me to this point.

Along with my brother Michael, I grew up in Forest Hills, New York, with the typical urban understanding of food—it grows on farms far away and then appears in the supermarket. But then I lived in Michigan, Oklahoma, Hawaii and Puerto Rico and got a more realistic introduction to production agriculture. It was the rise of food prices due to the inflation of the 1970's, however, that quickly taught me the enormous stake consumers have in agriculture policy. Through my years as a consumer advocate and my experience in founding Public Voice for Food and Health Policy in 1982, I have been a part of the movement to represent the consumer and safeguard the food supply.

Mr. Chairman, as I consider the challenges that I will face as Assistant Secretary—should I be confirmed—I am struck by the fact that the American table has become for many of our citizens a paradox of insufficiency and excess.

Too many Americans in the 1980's and 1990's every day sit down to a table upon which there is too little food. Children are growing up in homes where filling a plate with nutritious food is a struggle that is waged daily and frequently lost.

On the other hand, for too many Americans, the excesses of our diets are taxing our health system and eroding our competitive edge.

Simply put, the challenge we face today is to set an American table that improves the diet of all Americans.

For the poor, hunger exacts its greatest toll on children. It compromises a child's potential to grow up healthy, concentrate in school and lead a productive life. And

the nutritional consequences of today's unhealthy diets contribute heavily to the growing number of Americans suffering from chronic diseases.

Mr. Chairman, I am committed to work hard to improve the nutritional and health status of our Nation's consumers.

First, I want to ensure that all who are eligible to participate in our food assistance programs can use them. In the Food Stamp Program alone, as many as 40 percent of those eligible do not participate. WIC only reaches 60 percent of those eligible and school breakfasts are available in just half the schools that have a lunch program. We have an opportunity to reach out to those in need and forge partnerships with State and local governments, community-based organizations, industry and other institutions so that no one is left out.

We know these programs work and that they are needed.

The most recent poverty figures show that 6.4 million more Americans live in poverty than did in 1980—a 22-percent increase. The poverty figures for children are even more distressing. They show a 25-percent increase since 1980.

That is why the President has included increased funding for the Food Stamp Program and full funding for WIC in his budget proposal. As the demands on the 14 food assistance programs have grown to serve 1 American in 6, we must pledge ourselves to enhancing program integrity so that our investments are secure and we maintain the trust of the American people.

Second, I want to initiate national nutrition efforts that educate consumers and improve the quality of food in our programs as an investment in the future health of consumers. The place to start is with our children, who are forming lifelong eating patterns and who are our future.

Targeting nutrition education efforts for low-income Americans, the very people who are at greatest risk of heart disease and cancer, is also important. It is not enough to simply deliver services that provide food. We need to go beyond and establish nutrition education programs that promote healthy eating.

Third, I want to create new relationships with diverse programs and groups. I have always valued the benefits to be gained by approaching problems and facing challenges in a holistic way. During my 10 years as the founding executive director of Public Voice for Food and Health Policy, I valued the importance of making linkages and building coalitions to achieve shared policy goals. All who are part of the food system—consumers, farmers, industry and government—have a stake in improving the nutritional well-being of our citizens.

Furthermore, food and nutrition programs are part of a larger context and relate to issues of poverty, economics, health and the environment. I will work to integrate nutrition into the agriculture, health and welfare policies of the Clinton administration.

In closing, Mr. Chairman and members of the committee, I value the opportunity that Secretary Espy and President Clinton have afforded me to improve the nutritional and health status of American consumers. The challenges are great, but I believe working together we can make a difference.

The CHAIRMAN. Thank you very much.

I understand—and I apologize, Senator Lugar—I thought you had completed your questions. I yield to you.

Senator LUGAR. Well, thank you, Mr. Chairman.

I asked questions of Mr. Moos, but I wanted to ask questions of the other two nominees.

The CHAIRMAN. I apologize.

Senator LUGAR. Mr. Gilliland, I appreciate your comment about the passengers on the train, and I suppose that I would only extend that to not only farmers and producers, but probably all American taxpayers.

One of the perceptions of the Department by those who do not have a normal stake in it is that we need to reorganize it, quite apart from those of us who use the Department; that is, farmers and consumers, that it needs to be more user friendly, and I think both of those ideals have been taken up by the Secretary. I am impressed with his dedication to that and the ways in which you will be helpful to him.

Let me just ask, in a technical sense, have you represented clients before USDA on appeal to a decision by ASCS or the Farmers Home Administration, and if you have, or even if you have not, as an attorney, what is your view of the current appeals procedure? Is it fair and effective, and do you have any comment as to how it might be improved?

Mr. GILLILAND. Sir, I have never personally represented a party in an ASCS or a Farmers Home appeal. So my information on the subject is one which has been developed over the last few days and weeks as I have come aboard to learn the business. I am really not adequately familiar with the procedure except in the sense of generally how it works with the attempt to bring a balance of fairness and dues process to a procedure that affects many people.

Senator LUGAR. Along the same line, do you have any views on the Forest Service appeals system and proposed modifications to that? That has been a concern of the committee from time to time.

Mr. GILLILAND. Well, I have certainly been briefed on this, as I am sure each of you gentleman has been as well.

We expect to receive a number of comments by the conclusion of the comment period, which is the end of this month. And I rather expect that the comments will cause us to go back to the drawing board and take a fresh look to consider the comments which we do expect.

Senator LUGAR. The office that you will hold is often considered a gatekeeper with regard to ethical problems. I suspect the answer to this question is obvious, but I simply ask it for the record.

I want to focus on situations where an appointee might have an administrative action or a litigation pending before the Department that might raise a question. In those cases, will you pledge to alert the Secretary and others to the potential of difficulty there, so that we can be assured within the Department, quite apart from the oversight abilities of the committee, that these situations can be aired as rapidly as possible?

Mr. GILLILAND. Well, I think I can be broad with that, Senator Lugar. I think I can say that the responsibility of everyone there is to carry on good ethics, and while the Ethics Officer is the head of the Department of Personnel, our office effectively advises and functions in the ethics area.

I do not know of any circumstances to which you might refer, but, yes, indeed, we will take this responsibility very seriously.

Senator LUGAR. Thank you.

Ms. Haas, on the question of food stamps, I have two or three considerations, and you have followed these procedures for some time. But clearly one disturbing feature that comes recurrently to the committee is that food stamp coupons in some communities have become a second currency and are even traded for cash or worse still for alcohol, firearms, or worse.

Without going into a Draconian purge of the whole system, what practical suggestions can you offer, in both a humane and effective way, as to how greater confidence can come in the program for the benefit of those who need the program, as well as the public that is paying for it?

Ms. HAAS. In my longer statement, Senator Lugar, I spoke of one of the priorities that I would have, which is enhancing program in-

tegrity, because it is a way of keeping our investment in this very important program secure and keeping the support of the public.

The Mickey Leland Hunger Prevention Act, the administration's proposal, includes certain provisions; in fact, two titles that enhance program integrity and make changes that guard against any kind of trafficking in food stamps. And I think that this is an important component of being responsive to the needs of hungry people.

Senator LUGAR. An electronic benefit transfer system has been put forward. And at the same time, the Federal Reserve Board this year proposed that the electronic benefit transfer system be subject to Regulation E.

What is your view of that situation, and will this, in fact, offer less opportunity for fraud and abuse, or would there be unintended effects that are involved in Regulation E?

Ms. HAAS. Well, to begin with, let me say that electronic benefits transfer offers us a great opportunity in reducing fraud. It may be less costly than printing coupons. In fact, I am looking forward this Friday to joining the Secretary at the opening of one of the Maryland sites, because Maryland is one of the few States that has a pilot project. I am taking a serious look at all of the aspects of EBT, as we move into new technological ways of delivering benefits. And I would like to work closely with you in the future as we develop policy in this area.

Senator LUGAR. It appears to me, just as a citizen and amateur looking at it, that as you have suggested, maybe an electronic trail will reduce opportunities for fraud.

I am not familiar with the dispute with the Fed on this issue, and we really would appreciate your enlightenment as to how the trial runs go, as well as whether our hopes are to be fulfilled in this. But I think this is a very promising development.

Ms. HAAS. I agree with you, and I would like to work closely with you. And I think it is important as we bring technology into the marketplace, how we manage that technology. What are the consequences of making those changes? And I would like to work closely with you as we move ahead in this area. It is just beginning. But it offers, as you say, a great deal of promise.

Senator LUGAR. In the President's overall economic program, as he has proposed a general Btu energy tax for the economy, the administration has recognized that this may have an impact upon low-income families—in fact, the same families who, through their income, qualify for the Food Stamp Program.

And as I understand it, at least initially, as much as \$5.8 billion might be made available in the same overall program by the President in the form of food stamps to try to make up for the impact that has occurred at the lower levels of income.

Now leaving aside my general views about the President's economic program, which are adverse, and I find this to be one of the most extraordinary aspects—namely, adding \$5.8 billion back in after you have taxed it off the top—I simply wondered how you think this will work?

In other words, does the \$5.8 billion come as some type of credit to the Food Stamp Program to be disbursed by formula to recipients?

The philosophical impact is clear; namely, people of low income will be paying for energy costs, and an attempt is being made somehow to bring them back up to a point where they are not hurt by the tax. But how that is to be done, I have not been able to perceive, and I sense that it will be coming unhappily, or happily as the case may be, through your Department.

Do you have a comment on this?

Ms. HAAS. Well, let me say this, that the administration's proposal on food stamps certainly has been linked to the Btu tax as an offset. But so, too, it is there in its own right.

The Mickey Leland Hunger Prevention Act, which is the food stamp proposal, has passed this committee before on its own right because the needs were there. Also it passed the House on two occasions.

The reason is that it promotes self-sufficiency; it increases benefits for those who often have to make the choices between heating or eating; it goes to families with children, and it also enhances, as I said earlier, the program integrity, while at the same time promoting work and promoting parental responsibility.

What I am basically saying, Senator Lugar, is that the food stamp proposal of the administration is there because it serves a very large need during this past decade when we have seen increasing joblessness and economic downturn and so many hungry people who are not adequately served by the current program.

Senator LUGAR. Well, this committee, as you know—and you have given credit in a bipartisan way—has been an advocate of feeding programs and has enhanced those even in budget difficulties.

But I am concerned—this is a lot of money in a budget that is moving toward deficit reduction, by and large, that conceivably the energy tax might not pass. I do not know what the Finance Committee will come up with.

What you are saying, in essence, I suspect, is, whether Btu passes or not, that the \$5.8 billion increase in the food stamp budget is justified on general social grounds.

Ms. HAAS. The administration's food stamp proposal is very much justified based on the needs of those who are hungry.

Let me say, too, that this legislation represents about 80 percent of what was in the previous bills, most of the provisions relating to program integrity have been added.

I think what we are talking about is what the President has called an investment, an investment for the future of raising the productivity of those who are poor and seeing to it that they have food and also making sure that children, who represent—one in five children are hungry today and live below poverty—that we do something about them for the future of our country.

Senator LUGAR. Well, I think that is an excellent argument. I think you can see, perhaps, as we had been quizzing Mr. Moos earlier about the support prices and loan rates and what have you, we have a committee that tries to deal with both. And many farmers would say that by and large, as Senator Conrad did earlier, that the producer out there on the farm is taking a hit of 18 percent with this tax program. At the same time you may say, well, after all, that farmer, even though he is not making very much money,

is making more money than food stamp recipients, and that is probably the case.

But how much massaging of income transfer ought to occur within the same budget is going to be a recurring theme in this committee, and some judgments have to be made in terms of equity for all Americans.

Ms. HAAS. I certainly understand the problem that the committee faces in having this broad spectrum of responsibilities, but I think we have to take each area to look at what the needs are, and I really think that we appreciate greatly the bipartisan support that the Food Stamp Program has gotten and the fact that this committee did, in fact, in 1991 pass the Mickey Leland Hunger Prevention Act before, and I am hopeful it will do so again.

Senator LUGAR. One final thought about a much less ambitious bill. As you know, because we have discussed it, I have suggested now for two or three Congresses what now appears as S. 88 to allow local school lunch professionals to choose the type or types of milk served in the School Lunch Program, and we would like to know, I suppose, whether that will have your support as you proceed?

Ms. HAAS. Senator Lugar, I have always respected your leadership in the nutrition area, and certainly this is one of those measures that would contribute greatly.

I have not yet seriously looked at making policy until I am confirmed, and it is something that I would like very much to work with you on in the future—the very big challenge we have in improving the School Lunch Program.

Senator LUGAR. Well, I hope you will have also good luck in working with milk producers in this area. [Laughter.]

Ms. HAAS. Will you come and join me in all those meetings? [Laughter.]

Senator LUGAR. Well, I may try. Just for the sake of being the devil's advocate, I have had good business with some of the milk producer groups, and I think they see my point a little bit more than they have in the past. But I take this opportunity to lobby slightly for this bill.

Thank you very much.

The CHAIRMAN. We have a vote on. We can probably wrap up with this question.

Ms. Haas, I understand that Secretary Espy is planning a Forum on Hunger. Is my understanding correct on that?

Ms. HAAS. Yes, that is correct.

The CHAIRMAN. Could you tell us something about what the plan is?

Ms. HAAS. Sure. Secretary Espy has announced as part of crafting the agenda for the future a series of forums, and the first one is going to be on hunger. We would like very much to have the participation and the support of you on the Senate Agriculture Committee.

We intend to look at the faces of hunger, the consequences of hunger, but most importantly to craft a document that identifies a set of actions that we can take as soon as possible in alleviating hunger.

I would like to say also that we have got to look at it in the context of many other issues, of health care, for example, and the Health Care Task Force's recommendations, of welfare reform. Poverty is an issue interrelated to hunger, and we would like to look at it as an integrated policy area and not just as an isolated one.

The CHAIRMAN. Thank you.

We will keep the record open to the close of business today, if there are further questions, and then we will close the record. I would like to bring these three nominations to the full committee as soon as possible, and I would tentatively schedule a vote after the first roll call vote tomorrow. Is that okay?

Senator LUGAR. Excellent.

The CHAIRMAN. With the concurrence of the ranking member, we will schedule a committee vote in the President's Room following the first vote tomorrow, whenever that might be.

I thank all three of you very much.

[Whereupon, at 4:34 p.m., the committee was adjourned.]

[Material submitted for inclusion in the record follows:]

A P P E N D I X

STATEMENT OF VICE PRESIDENT AL GORE IN SUPPORT OF GENERAL COUNSEL DESIGNATE JAMES GILLILAND

Mr. Chairman, I am pleased to write in support of James S. Gilliland, nominee for General Counsel for the U.S. Department of Agriculture. As an outstanding legal expert with a specialty in agriculture issues, Jim is an excellent choice for such an important position in this administration.

Jim is a longtime friend whose character and legal expertise I trust and respect. A native of Memphis, Tennessee, Jim has built a reputation as a hard-working and effective senior partner at the firm of Glankler, Brown, Gilliland, Chase, Robinson and Raines. Jim specializes in the areas of finance, real estate and commodities issues where he has demonstrated rare skill and expertise.

I admire Jim's loyalty to his family and country as well. He is a tireless worker, an active community servant, a dedicated husband and father, and a good friend. Throughout the years, I have been impressed by his frankness and his quality of character. He is respected and by all those who know him, including myself. I am honored to call him my friend and grateful for the friendship Tipper and I have shared with Jim and his wife, Lucia.

Jim has dedicated himself to making Tennessee a better place to live through his law practice and his extensive community service. He was chairman of the board of LeMoyne-Owen College, with service as trustee for 14 years. He also has served as chairman of various community service organizations including the Memphis Committee on Community Relations in the 1960's, the Memphis Arts Council, the Earth Day 20th Anniversary, the National Conference of Christians and Jews, and Planned Parenthood.

Jim's expertise is not limited to legal matters. He has practical experience in Government as chairman of the Memphis City transition team for Mayor W. W. Herenton in 1991. Jim also has been actively involved in local, State, and National Democratic politics over the years. Jim is veteran of the U.S. Navy and served in the Far East and Laos.

A lifetime of exemplary legal work, a strong commitment to agricultural issues and dedicated service to his country make Jim an excellent candidate for General Counsel for USDA. I look forward to his joining this administration, and to working with him.

STATEMENT OF SENATOR GRASSLEY REGARDING THE NOMINATION OF ELLEN W. HAAS FOR ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES

I think the positions and activities of Ellen Haas are fairly well known, through her leadership efforts for consumer activist organizations such as the Consumer Federation of America, Public Voice, and the Community Nutrition Institute.

In the past, she has opposed basing standards on the cancer risk assessments because "risk assessment is not a refined process yet. It is a new science right now and should not be the basis for decision making."

During the Alar scare, she said that if something is shown to be carcinogenic in tests, then there is no safe tolerance level.

And last year she stated before the Senate Agriculture Committee that inaction regarding research on Federal grading standards and pesticide use "damaged public confidence in the USDA's ability to advance a consumer-oriented agenda."

But as Assistant Secretary for Food and Consumer Services, she must take on new responsibilities in a new role. This new role requires a balanced, broader view than that of an activist.

For instance, an activist may have the luxury during an attack against Alar use on apples to choose not to inform consumers of the much greater risks from larger amounts of carcinogens in items such as beer and wine, or peanut butter, or coffee.

And as we saw during the Carter administration's push to transform USDA from a farmer-oriented to a consumer-oriented agency, reason and balance can perish in the face of a single-minded drive by activists to ban nitrites—at the time the only available means to safely preserve processed meats—in order to protect consumers from deadly botulism.

Had activists prevailed, not only would lives have been lost from botulism, but also family farms throughout America would have been devastated. The farm economy, particularly in the Midwest, would have been destroyed.

Why? Because there was no balance and reason.

It is regrettable that agriculture and farmers have been the focus of attacks in past years. My concern is that past battles, supposedly against big industry, big agriculture industry, have in some instances, unnecessarily misled consumers and hurt family farmers.

Is a consumer well served, for instance a mother caring for her children, when she is scared into throwing out all apples and applesauce, but keeps feeding her children foods with higher levels of toxins and carcinogens? We give a false sense of security with such a narrow focus.

I hope that Ellen Haas understands the importance for balance and reason, and will carry these principles into her new position as Assistant Secretary for Food and Consumer Services.

I have a few specific questions that I will submit for written response.

QUESTIONS FOR EUGENE MOOS AND RESPONSES THERETO

SENATOR LEAHY

In the North American Free Trade Agreement (NAFTA), tariffs will be eliminated over a transition period. This reduction in revenues could have a dramatic impact on the amount of funds available for commodity purchases and donations under section 32 of Public Law 320, Seventy-fourth Congress (49 Stat. 750, 774). This legislation provides that 30 percent of the import duties are to be used by the Secretary of Agriculture to encourage the export of agricultural commodities, encourage the domestic consumption of agricultural commodities among low-income groups, and to increase farmers' purchasing power. It has been an important source of funds for commodities donated to schools under the National School Lunch Act and the Child Nutrition Act of 1966.

Question 1. How will the reduction of tariffs under the North American Free Trade Agreement affect the revenues paid to the section 32 fund? If there is a reduction in this fund, what will you do to maintain funding for the important nutrition and export promotion programs which are dependent on section 32?

Answer. Based on current agricultural imports from Mexico and the trade weighted U.S. tariff rate, U.S. annual customs receipts would decline by \$120 million to \$150 million once NAFTA is fully implemented and tariffs are eliminated. If there was a reduction in Department of Agriculture funding as a result of lower customs receipts, we would request additional appropriations to fund these important programs.

Question 2. Do you agree that agricultural spending should not be reduced too much in the effort to obtain a GATT agreement?

Answer. Yes. We are hopefully in the final stages of completing a GATT agreement by the end of the year. With a probable final agreement based on the Draft Final Act as amended by the Blair House agreement, the United States would not have to make any reductions in our domestic support for any commodity as a result of the Uruguay round. Also, to keep up the international pressure necessary to conclude an agreement, it is important that the United States not "unilaterally disarm" our export subsidies.

Question 3. Do you agree that we should be careful not to reduce export subsidies too much, or else the achievements of the Blair House agreement will be undermined?

Answer. Yes, I fully agree with the Secretary who has said that it would be a serious mistake to weaken our export programs at this time. We must maintain U.S. strength in subsidized international markets.

Question 4. Diversity on advisory committees is important. How will you ensure diversity?

Answer. I agree with you that diversity is important. The advisory committees are the Department's formal mechanism for seeking advice from representatives of the private sector.

The advisory committees must have balanced representation. The membership should therefore be regionally diverse, ethnically diverse, and be representative of the whole range of agricultural interests across the country. In selecting new members for these committees, each of these factors will be considered. Recommendations will be solicited from agricultural organizations in every State. Members of many of these organizations already serve on the advisory committees. There are other organizations whose membership is not currently represented. We will provide representation for the members of as many of these groups as possible.

Question 5. Conservation compliance will become mandatory for all producers participating in Government farm programs as of the 1995 crop year. This conservation initiative, which has been developed over the course of the last two farm bills, is something in which I have taken a personal interest.

Conservation compliance will require coordination and cooperation between two USDA agencies—Soil Conservation Service and the Agricultural Stabilization and Conservation Service. What steps can be taken to ensure that these bureaucracies are working together?

Answer. The Soil Conservation Service (SCS) and the Agricultural Stabilization and Conservation Service (ASCS) have embarked on numerous initiatives to ensure that the agencies closely coordinate activities related to implementation of the conservation compliance and wetland compliance provisions of the Food Security Act of 1985 (1985 Act), as amended. Those initiatives include:

- Clear delineation of responsibilities of the agencies in implementing the Highly Erodible Land and Wetland Conservation Provisions of the 1985 Act.
- Data sharing for the enforcement of the highly erodible land conservation (HELC) and wetland conservation (WC) provisions of the 1985 Act. Including:
 - Software that permits exchange of files of computer data between the ASCS county office and the corresponding SCS district office.
 - Transfer of producer name and address, farm and tract data from ASCS to SCS and the transfer of HELC and WC data from SCS to ASCS.
 - Developing a process for automating producer cost-sharing activities between the two agencies.
 - Changes in software needed to ensure that every ASCS county office can share data with every SCS county office.
- Ensuring that the two agencies can effectively communicate; a joint agency group is developing a dictionary of common terms and their definitions.
- Developing a system under which one joint directive is issued to field offices of both agencies. This allows field personnel from each agency to know the actions required of the other agency.

Question 6. The Farmers Legal Action Group (FLAG) has prepared extensive informational materials on SCS, ASCS, and FmHA related issues, such as FmHA primary loan servicing, ASCS and FmHA administrative appeals, ASCS commodity programs, conservation compliance, and sustainable agriculture issues. Persons participating in programs of these agencies, farm advocates and advisors, and agency personnel themselves find these programs overly complex and confusing. We have found FLAG's written and oral presentations on these complex programs to be concise, straightforward, and easy to understand.

It is important that USDA employees, farmers, and their advocates share information and work together as much as possible. Will you help facilitate the sharing of this information?

Answer. I understand that FLAG has been most active in the development of the FmHA appeal process. We look forward to working with them to effectively communicate any of our programs to interested persons.

Question 7. Last year Congress passed, and the President signed into law, legislation to facilitate the use of electronic cotton warehouse receipts by cotton warehouses. Since that time USDA has been working on implementing this legislation.

Can you tell me the status of the Department's regulations which would implement this legislation?

Answer. A proposed rule has been written. We are currently working with OMB to get clearance for publication of the rule.

SENATOR LUGAR

Question 1. The President's budget includes a proposal to create a single farm service agency out of ASCS, SCS, and FmHA. The budget claims savings of \$61 million in FY 1994 and \$735 million through FY 1997. Most of these savings are expected to come from a significant streamlining of the Department's field office structure. What is your view on a single farm service agency?

Answer. The Secretary is undertaking a comprehensive study of options to reorganize the Department of Agriculture starting with an examination of the functions of each agency. The main objective of reorganization is to increase the effectiveness and efficiency of the delivery of Department services. A single farm service agency, one of the key elements of the study, is expected to be one way to achieve this objective.

Question 2. USDA has yet to close a single office or submit a plan despite the fact that months ago Secretary Madigan proposed closing nearly 1,200 offices nationwide following a comprehensive review by USDA, OMB, the Senate Agriculture Committee, and the agencies affected. Will you consider prompt action based on this thorough review?

Answer. The Secretary is undertaking a comprehensive study of options to reorganize the Department of Agriculture starting with an examination of the functions of each agency. He is committed to reorganizing Department headquarters before acting on changes in field offices, including closings. The review of field offices completed by the Department and the Office and Management Budget will be a critical input into the reorganization study. Hopefully, a proposed reorganization plan will be ready by late summer for implementation in FY 1994.

Question 3. As you look beyond the current fiscal year, you must be doing some thinking about how to structure agricultural trade with Russia and other FSU republics. I believe strongly that we must ultimately return this trading relationship to a commercial basis. Trade, not aid, is what the Russians want and what U.S. farmers want. At the same time, you have a legal responsibility to use U.S. credit guarantee programs prudently. Do you favor a permanent change in the "creditworthiness" language of the 1990 farm bill with respect to GSM-102 and GSM-103 credit programs?

Answer. I agree that trade with Russia and other FSU republics must ultimately be on a commercial basis. At the same time, however, we must act to help these countries in their transition to democratic market economies while assuring access to their markets for U.S. producers.

It is important to maintain the financial integrity of the Commodity Credit Corporation which funds GSM credit programs. For this reason, creditworthiness must be a basic factor in determining to whom credit guarantees are given. I will examine the creditworthiness language in the 1990 farm bill and consult with Congress on this issue.

Question 4. Can you tell us what kinds of programs the administration would favor for Russia in the event current GSM-102 creditworthiness standards remain unchanged?

Answer. The recent Food for Progress Program for Russia is one example of an alternative to GSM-102 credits but may not be the best option over a longer period of time. However, as you know, we must look ahead to FY 1994 and beyond as we seek ways to expand export opportunities for U.S. agriculture in the former Soviet Union. Accordingly, the Department is examining possible options to export to Russia, including those that would require legislation. I look forward to working with the Congress on this important issue.

Question 5. In past efforts to provide humanitarian aid to Russia, there have sometimes been delays and confusion because lines of responsibility between different ministries in Russia were not clear, and it was also unclear how much real authority some agencies had. Have you taken steps to ensure that the Russian government is able to efficiently receive, handle, and deliver food aid?

Answer. The Department of Agriculture has been working diligently with Russia to make sure that our shipments of food aid are delivered to where it is needed in a timely manner. There have been some problems, as you allude to, and we are making every effort to correct them. Some of our food aid has been handled by private voluntary organizations (PVO) with some success in overcoming some of the structural and logistic problems. We will continue to work with Russia, the PVO's, and others to increase the efficiency of U.S. food shipments. Overall, our food aid effort has been, in my judgment, very successful.

SENATOR BAUCUS

Question 1. The movement of grain from Canada into the Northern States has become well known. This year, many producers in my home State, Montana, have not sold their crops due to the low prices this situation has created. In addition, they are facing what may be the largest crop on record. What steps will you take to increase market opportunities in order to remedy the low domestic price of grain?

Answer. The Department of Agriculture is considering options for the 1994 wheat program, and 1993/94 supply and demand conditions will be important factors in deciding the 1994 program. I will make every effort to increase grain exports by using the Department's export programs to the greatest extent possible.

Question 2. The Federal budget undergoes more intense scrutiny every day. As efforts to balance the budget and the continuation of agricultural programs collide, what kind of advocate can the American farmer expect to find in you?

Answer. I believe that the Government should provide support to agriculture because of the substantial risks involved in farming. At the same time, I realize the need to reduce Federal spending on agriculture which will help to reduce the deficit to the benefit of farmers and other businesses. I will represent the concerns of U.S. agriculture to the best of my ability and work for agricultural programs that will best serve the sector.

Question 3. The budget resolution directs that programs under the jurisdiction of this committee contribute a savings in the neighborhood of \$3 billion over the next five years. A frequently cited solution is to increase the acres under the acreage reduction program. While this appears to be a quick cost-cutting measure, it adversely impacts the competitiveness of the American farmer. How do you recommend balancing the demands of the budget with the needs of the producers for whom the commodity programs are designed?

Answer. There are many ways to cut agricultural spending to achieve savings. It is very important that any proposed cut be evaluated in terms of the effect on our ability to export as well as the effect on farm income. Larger acreage reduction programs would generally reduce competitiveness and adversely affect farm income, including the incomes of livestock producers.

SENATOR CRAIG

Question. Some feel that there may be forfeitures in the domestic sugar industry that will trigger allotments as required in the farm bill. Is there a way to adjust the import quotas to avoid domestic quotas? What action can and will you take in an attempt to avoid that situation?

Answer. The Department announced on May 11, 1993 that the tariff-rate quota period would be extended to September 30, 1994 and the quota increased to 2,268 million metric tons from 1,231 million tons. This action may help to strengthen prices and reduce the potential for forfeitures. I will examine other options that might be available.

SENATOR CONRAD

Question 1. The previous administration's efforts in the international agricultural trade arena were very unpopular in my part of the country. My people believe that the Reagan and Bush administrations were giving things away in agriculture in order to get good agreements in other areas and/or that their negotiators didn't understand the details when it came to agriculture. If confirmed, what would you do to send a signal to U.S. producers that a new regime is in place when it comes to international agricultural trade—that this administration is putting American farmers first, for a change? What will you do differently in international negotiations?

Answer. In the international area, my primary objective will be to expand export opportunities for U.S. farmers. U.S. agriculture must have access to expanding foreign markets. In developing trade policy and negotiating positions, I will actively seek the advice of farmers and others involved in U.S. agriculture. In international negotiations I will do my best to make sure that the interests of U.S. agriculture are forcefully represented.

Question 2. I am very concerned about the NAFTA as it currently stands. Provisions on sugar, potatoes, and dry edible beans—major crops in North Dakota—are unfavorable to U.S. producers. The flood of wheat and barley coming across our northern border as a result of the CFTA was not addressed by the Bush administration in the NAFTA, despite clear commitments during the CFTA implementing

process to address this issue following implementation. And enforcement of a number of commitments in the NAFTA is left entirely up to Mexico—a nation that, despite great improvement in a number of areas, is not known for strict enforcement of its laws. After my experience with verbal assurances—and even language in the implementing package—on the CFTA, I am very reluctant to believe that improvements in enforcement of labor and environmental standards will take place, that the SPS and rules of origin provisions will be strictly enforced, and that movements in exchange rates will not wipe out the marginal gains that even NAFTA supporters predict for U.S. agriculture unless some enforcement mechanism is built into the agreement or its supplemental agreements. Without clear agreements on these areas, I do not think I can support the NAFTA. What will you, as the lead trade official at USDA, do to correct these deficiencies and ensure the best possible NAFTA for U.S. agricultural producers?

Answer. I fully support the President's efforts to negotiate side agreements to the NAFTA on the environment, labor, and import surges. As you know, these negotiations are being led by the U.S. Trade Representative. I will work to make sure that NAFTA implementing legislation is appropriate, and once NAFTA is implemented, I intend to closely monitor the agreement.

I believe the NAFTA is in the best interest of U.S. agricultural producers. The Department estimates that U.S. agricultural exports will rise by \$2 to \$2.5 billion per year once NAFTA is fully implemented.

Question 3. Late last week, the softwood lumber industry received an unfavorable ruling from a binational panel on its CVD case against Canada. This follows by only a few weeks the rejection of an extraordinary challenge of the unfavorable panel decision on swine. In both these cases, the panel appears to have exceeded its authority by reaching its own interpretation of U.S. laws and regulations rather than applying the appropriate standard of review—whether the Commerce Department ruling was “reasonable.” And in both cases the panel applied a narrow view of the specificity test that contradicts the intent of U.S. CVD law. In conjunction with the unfavorable durum panel decision in February, these decisions illustrate another flaw in the binational panel process: U.S. panelists tend to be international trade lawyers with an “internationalist” bias, whereas Canadian panelists tend to be much more nationalist in their approach. Unfortunately, the NAFTA dispute resolution mechanism is modeled on the CFTA mechanism. If corrections are not made, this could lead to a dismantling of the laws protecting U.S. agriculture against unfairly subsidized foreign competition. Would you support language in the implementing legislation that would address these concerns?

Answer. It is my understanding that NAFTA will not lead to a dismantling of U.S. antidumping and countervailing duty laws. Under the terms of the NAFTA, each country expressly reserves the right to retain and apply its existing AD/CVD laws to goods, including agricultural goods, from another NAFTA party. I am aware of your concerns about NAFTA. I will work closely with Congress as we move forward with implementing legislation to address as many of your concerns as possible in that process.

Question 4. As we have discussed, I believe the current GATT formulas on internal supports and export subsidies could be a disaster for U.S. agriculture. Equal percentage reductions from very unequal levels of support can only leave European producers with 2-3 times the support American farmers receive. That's not free trade. It's not fair trade. It's negotiated trade, and the Bush administration lost the negotiations. And now we hear that the Europeans continue to oppose meaningful market access opportunities. Under their proposal, corn, wheat and rice could lose market access, while pork and other meats would not gain because of the Europeans' insistence on aggregating products where it benefits them. That's unacceptable. I believe it's time to recognize that we're in a trade war in agriculture, and to support our producers' interests by fighting back. Will you support strong, expanded market access provisions and push USTR to re-examine the Blair House agreement to see if it can be modified in any way to help U.S. producers, limit world overproduction and eliminate the most trade-distorting aspects of agricultural supports?

Answer. I support a strong market access agreement in the Uruguay round that provides expanded market opportunities for U.S. producers. We are now engaged in bilateral discussions with the European Community on market access aimed at a meaningful market access agreement.

The Blair House agreement provides substantial cuts in subsidized exports which will lead to market opportunities for U.S. producers. The export subsidy cuts will place significant constraints on the EC. For example, in the first year of a GATT agreement based on the Blair House export subsidy cuts, EC wheat exports will fall

25 percent from current levels. With quantitative limits on subsidized exports, the EC will have to make adjustments in domestic production.

The Blair House agreement on internal support provides some discipline on trade-distorting support through a reduction in total support as measured by the sum of commodity-specific aggregate measures of support. This agreement was the culmination of long and intense bilateral and multilateral negotiations. While the agreement does not go as far in reducing trade-distorting internal support as the United States wanted, it is an important step in bringing such support under GATT disciplines.

Question 5. Despite USDA figures which suggest that farm income is at a record level, net farm income in real dollars is declining and is expected to continue to decline into the late 1990's. The situation is expected to occur *before* any of the administration's proposed cuts in farm programs and the proposed tax package. Five of my colleagues and I have written to Secretary Espy requesting that he utilize his discretionary authority to implement certain options under the farm program that we believe would improve farm income opportunities. What is your opinion with regard to the farm income situation? What steps are you prepared to take to improve farm income? More specifically, would you support removal of the so-called Findley adjustment on loan rates?

Answer. As you state, aggregate farm income as measured by the Department is at relatively high levels, yet inflation-adjusted farm income is declining. And based on Department of Agriculture analysis, I agree that the effects of the administration's overall economic package including cuts in agricultural spending will reduce farm income. I share your concerns about farm income. I will do my best to make sure that income and financial conditions in U.S. agriculture are taken into consideration when administration decisions are made that affect this vital sector of our economy. I look forward to working with you in trying to improve economic conditions in U.S. agriculture.

With respect to loan rates, I believe that they should be set at market clearing levels so that markets, not the Government, determine prices. I think that the Findley adjustment is useful because it provides the Secretary with flexibility to deal with uncertain market conditions should adjustments be needed. I will make sure in setting loan rates that we take into full consideration the effects of loan rates on our competitiveness and farm income.

SENATOR GRASSLEY

Question 1. Last fall, the prospects both for NAFTA and a successful conclusion of the GATT talks looked very good. The comments made a couple weeks ago by Budget Director Leon Panetta on the North American Free Trade Agreement, however, reflect a pessimistic view about the chances for a trade pact with Mexico. Indeed, there are Members of Congress who are opposed to NAFTA at all costs, regardless of the supplemental agreements. With respect to GATT, the Uruguay round is now entering its seventh year of negotiations. Aside from the Russian aid package, how are we going to keep export channels open and move U.S. agricultural products overseas?

Answer. In the international area, my primary objective will be to expand export opportunities for U.S. agricultural products in order to increase farm income. I will use the existing Department of Agriculture export programs in the most effective manner possible to encourage exports of agricultural products. With respect to the former Soviet Union, I will examine all possible options to maintain U.S. access to that market, including those that may require legislation. I expect that the Uruguay round will be completed and that it will create new trade opportunities for U.S. agriculture. The North American Free Trade Agreement will also benefit U.S. agriculture.

Question 2. The CBO estimates that each dollar of EEP spent results in a cost to the Government of .50 to .70 cents. Under the previous administration, the EEP was considered a no-cost program. Some speculate that Leon Panetta will lean more toward the CBO methodology of scoring EEP costs. If so, this widely supported program will be estimated to cost in excess of \$1 billion annually and will be unlikely to receive new funding commitments. What are your views of the Export Enhancement Program (EEP), and what can we expect you to do to address this cost scoring concern?

Answer. The EEP is a valuable export tool to counter the export subsidies of other countries. It has been very helpful in achieving the Blair House agreement on reducing export subsidies. I plan on using the EEP to the fullest extent practicable

based on available funding and program criteria. The Office of Management and Budget scores the EEP as budget neutral and I agree with that scoring convention, but I will continue to monitor the budget and market effects of EEP.

Question 3. The 1990 farm bill authorized the Secretary of Agriculture to conduct a study of cropland that is subject to the expiring Conservation Reserve Program (CRP). The report is required to be completed by the end of 1993. To my knowledge no action has been taken on this report. In your view, how can you best provide leadership which would give some guidance to the thousands and thousands of landowners who are trying to anticipate what will be done with the Conservation Reserve Program (CRP)?

Answer. While CRP contracts on about 1 million acres will expire in 1996, most contracts will not expire until later years which will give the administration and the Congress sufficient time to deal with this important issue in the 1995 farm bill. As authorized by the 1985 farm bill, a Department of Agriculture multiagency work group, chaired by the Agricultural Stabilization and Conservation Service and the Soil Conservation Service, is studying various alternatives for addressing the affected acreage enrolled in the CRP. I expect that this study will be completed by August and that it will provide valuable information on how best to proceed. Once the study is completed, I will consult with Congress about potential options.

QUESTIONS FOR JAMES S. GILLILAND AND RESPONSES THERETO

SENATOR LUGAR

Question 1. In your financial disclosure form and ethics reports you indicate a close relationship with Dunavant Enterprises. You go on to indicate that you will recuse yourself from all representational activities on behalf of Dunavant, and to recuse yourself from participating in any matter affecting Dunavant or any of its subsidiaries.

On what type of issues did you advise Dunavant Enterprises? In your view, are there any issues on which you advised Dunavant that are of such a nature that necessitates recusal regardless of the party concerned? I'm thinking of issues relevant to other plaintiffs that may establish a precedent with very broad impact within the industry, and thus impacting your previous clients.

Answer. In the many years that I served the company as outside counsel, I have advised on a wide variety of legal issues, very few of which were of "industry nature," where my effort was to advance the cause of the industry as distinguished from the client. Industry counsel did that. However, some few instances involved problems common among merchants. An example was contract defaults in the export trade, where the buyers defaulted on all their high-priced purchases generally, so our dealings with the agriculture attachés and FAS generally served all affected sellers of American crops. You asked about an issue where USDA's treatment of another plaintiff might establish a precedent favorable to Dunavant. I can think of no current example, but should such a situation occur, where a matter comes up which I felt may reasonably be perceived as an "it helps Dunavant" issue, I would expect to recuse myself. I would do that, not merely because of your interest, but because of the Secretary's and my own. Lawyers, as you know, are sensitive about perceptions of conflicts, but the old wisdom should apply here, which holds that, with a conflict issue, if there is a question about what you should do, there can be no question about what you must do.

Question 2. What are your views on the Forest Service Appeals System and proposed modifications? Please elaborate.

Answer. As I responded to this question yesterday, I have inadequate information to answer this question. The proposed procedure is in the comment process with comments due in by June 1. When the comments are in, I am told that it is quite likely that changes may occur, so what is currently proposed may not be what is ultimately adopted.

Question 3. In many situations you will be asked for your legal opinion on a proposed policy or action. Sometimes that opinion will indicate that a particular action is not supported by the law. If your opinion is ignored, and action is taken that in your view violates the law, will you alert the Justice Department and this committee to your concerns?

Answer. I can only answer this question in the same general manner as I responded to the same question, in somewhat different words, yesterday. Lawyers must comply both with prevailing ethical standards and with applicable law. It is part of our responsibility to advise policymakers of what is legal and what isn't. Where an attorney-client relationship exists, we must respect what we receive under it. When

a violation of law comes to our attention, other than through our privileged communication, I understand our legal responsibility to be to report this first to the applicable Assistant Secretary or to the Secretary and, if called for under the law, to report it to the investigative or enforcement authorities. Since this is a theoretical question, I cannot give a specific answer, but the investigative or enforcement authority would probably not include legislative committees but would much more probably involve the Office of Inspector General and/or the Department of Justice.

SENATOR CONRAD

Question. Since 1991, the Farmers Home Administration and the Office of the General Counsel (OGC) have refused to provide my Subcommittee on Agricultural Credit with various OGC opinions, asserting that the "attorney-client" privilege allows them to keep such opinions confidential. The opinions I requested were on policy matters rather than on individual borrower cases. I strongly disagree with this interpretation that OGC opinions can be withheld from Congress.

As General Counsel, will you make OGC opinions available to Congress upon request?

Answer. I have checked with the Acting General Counsel and with other senior attorneys in the Office of the General Counsel, and they are unaware of any requests from you as chairman of the Subcommittee on Agricultural Credit for OGC's legal opinions, where we have not been able to accommodate the subcommittee's needs. While we must be sensitive both to privacy concerns and to the privilege which attaches to the attorney-client relationship, we also recognize the need to accommodate the committees of the Congress in their requests for information and documents, which may include nonprivileged legal opinions on subjects within committee jurisdictions. I will be happy to work with you and with your subcommittee to provide copies of such documents wherever possible and generally to discuss the issues in any event.

QUESTIONS FOR ELLEN HAAS AND RESPONSES THERETO

SENATOR LUGAR

Question 1. Relationship of Diet and Health. We now know that there is a connection between diet and good health. The Dietary Guidelines for Americans, published jointly by USDA and HHS, states: Many American diets have too many calories and too much fat (especially saturated fat), cholesterol, and sodium. Such diets are one cause of America's high rates of obesity and of certain diseases—heart disease, high blood pressure, stroke, diabetes, and some forms of cancer. I am aware that Public Voice has published several reports about the nutritional quality of the School Lunch Program and the fat content of school lunches was a primary concern. What efforts or initiatives would you like to see as Assistant Secretary to promote healthy eating habits within Federal food assistance programs such as WIC, food stamps, and school lunch?

Answer. All of the programs offer an opportunity to promote healthy lifestyles as well as to feed people. It is important that we comprehensively address the nutrition needs of low income persons and especially children who are a more vulnerable group than the rest of the population. We not only need to serve food in the programs that is consistent with the dietary guidelines, but also provide the nutrition education needed to help children and adults make healthful food selections.

I would like to engage a broad-based set of groups to develop a set of initiatives to promote healthy eating habits.

Question 2. Welfare Reform. President Clinton spoke out on the need for welfare reform during his campaign. The press has recently reported that the administration's package on welfare reform to "end welfare as we know it" may be announced sometime this fall. As Assistant Secretary do you believe welfare reform is applicable to food stamps as well as AFDC and other assistance programs? Will you push for changes in food stamps to be included in the administration's welfare reform proposal and if so, what changes would you recommend?

Answer. The President has indicated his intent to present a comprehensive reform plan to end welfare as we know it. The plan will carry out the President's pledge that no one with a family who works full time has to live in poverty, that parents who bring children into the world should be held accountable for raising them, and that welfare ought to be a second chance, not a way of life.

The Food Stamp Program is an integral part of the Nation's social support system and any comprehensive reform plan will need to take into account the role that food stamps play for low-income families, including many low-income working families. I expect to be working closely with other members of the President's team in the months ahead to help in the development of a comprehensive welfare reform plan and I am sure that this is one of the questions that we will examine closely. Our main intent will be to maintain the food assistance that low-income families count on and to provide the necessary food assistance to reduce hunger among all low-income Americans.

Question 3. Child Support Enforcement and Food Stamps. In his campaign then-Governor Clinton stated that parents must take responsibility for their children. His program, Putting People First, advocates cracking down on deadbeat parents by reporting them to credit agencies, using the IRS to collect child support payments and establishing a national deadbeat databank.

For several years there has been a Child Support Enforcement Program at the Federal level. However, food stamp recipients have not been required to participate in this program. Requiring food stamp households with an absent parent to cooperate with the local child support enforcement agency would ensure that needy children receive the support to which they are entitled. Would you, as Assistant Secretary, support a requirement that food stamp recipients cooperate with local child support enforcement agencies as a condition of eligibility?

Answer. I share the President's goal to dramatically improve child support enforcement. The system ought to ensure that children receive the support they deserve from their parents.

The administration's Mickey Leland Hunger Prevention Act contains two provisions on child support that would promote self-sufficiency and parental responsibility among food stamp recipients. The provisions exclude legally obligated child support payments to nonhousehold members from income determination and disregard as income the first \$50 of child support received by the custodial parent. These child support provisions would encourage low-income absent parents to pay child support and provide incentives to custodial parents to cooperate with the child support enforcement agency.

I believe this approach is the proper policy initiative at this time. I believe other approaches to strengthening child support enforcement should be considered in the broader discussion of the President's pledge to end welfare as we know it. I will work actively with the President's Working Group on Welfare Reform, Family Support and Independence to develop a welfare reform plan that focuses on moving people off welfare and out of poverty through increased opportunity and responsibility.

Question 4. As Assistant Secretary, would you advocate stricter penalties for those who engage in this illegal activity?

Answer. I am committed to reducing fraud and abuse in the Food Stamp Program. I endorse the provision in the administration's Mickey Leland Hunger Prevention Act which would permanently disqualify retailers from participation in the program for selling firearms, ammunition, explosives or controlled substances for food stamps. This bill also removes the cap on the dollar amount of a civil money penalty for trading food stamps for cash. I believe that penalties can constitute an important deterrent to criminal behavior.

I have some reservations, however, about permanently disqualifying food stamp recipients for their first offense. Current law already specifies a six-month disqualification period for the first violation and one year for the second violation; the third violation leads to permanent disqualification. I think the current law may be more appropriate.

Question 5. Office of Consumer Advisor. As Assistant Secretary under the current USDA structure you will oversee the Office of Consumer Affairs. What do you envision as the role for this office?

Answer. As you know, I have spent many years representing the consumer interest on food and health policy issues. I believe the Office of Consumer Advisor should serve as a resource to all consumers. The office should establish relationships with both producers and consumers in order to assure an informed and even-handed discussion of relevant food policy issues. I would hope that this office will help bring different interests together to share information, increase common understanding, and improve the quality of debate on important food policy issues which affect the lives of all Americans.

Question 6. Feeding Programs/Commodity Distribution Systems. Various nutrition programs make use of commodities; the School Lunch Program, the Commodity Supplemental Food Program, and the Emergency Food Assistance Program. I would

like to know your view of the current commodity distribution system. Do you favor such a system? Some have advocated replacing commodities with cash or commodity letters of credit in the School Lunch Program while others have opposed such a move since the School Lunch Program serves dual purposes of making use of agricultural commodities as well as being a nutrition program. What is your view?

Answer. I agree that the Department needs to consider the dual objectives of agricultural support and nutrition in administering the domestic feeding programs. I am also aware that the Department has studied the form of benefit delivery, be it commodity, cash or letter of credit, extensively. However, it would be premature for me at this point to express an opinion before familiarizing myself with the findings of the studies and conferring with my counterparts in the Department who are responsible for overseeing USDA's agriculture support programs.

Question 7. Nutrition Programs. As Assistant Secretary, you will oversee the domestic nutrition programs such as the Food Stamp Program, School Lunch and Breakfast Program, the WIC Program and Emergency Food Assistance Program. Would you briefly comment on the effectiveness and importance of these programs?

Answer. I believe the array of food assistance programs is generally effective in helping to reduce hunger in America. But there is still room for improvement. The Food Stamp Program is the cornerstone of the Nation's effort against hunger. It is universally available to every low-income family with few resources without categorical restriction. The program is reaching record numbers of participants, a sign of the continuing need for assistance. The National School Lunch, School Breakfast, WIC and Emergency Food Assistance Programs provide supplementary nutrition assistance to subgroups that have particular needs. The lunch and breakfast programs provide support for meals served to all children in participating schools and low-price or free meals to children from low-income households. The lunches provided are more nutrient dense than alternatives that children eat, although more needs to be done to reduce the level of calories provided by fat in the meals. The breakfast program has grown in coverage significantly in recent years, but its effectiveness could be improved by increasing children's access and participation. Currently it is available in less than 60 percent of the schools that offer the lunch program and only one in five children participate on an average day. WIC has been shown to reduce Medicaid costs among pregnant participants and reduce the incidence of low-birth weight babies. It is also very effective at bringing low-income women, infants and children into the health care system. The Emergency Food Assistance Program serves many people that for one reason or another do not participate in other USDA programs. The food and administrative funding provided also help to support the efforts of private food banks and emergency food pantries to meet short-term nutritional needs of the low-income households.

Question 8. During your tenure at Public Voice, Public Voice received grants from several corporations and food-related trade associations. These same entities potentially could petition USDA on issues relevant to the position for which you are nominated. Although your ethics submission did not reflect this concern, but consistent with your desire to avoid an appearance of a conflict of interest, do you plan to recuse yourself from consideration of issues that involve these entities?

Answer. Since I retain no financial interest in Public Voice and given the broad range of entities that made grants to Public Voice while I was there it seems to me that there is no need for me to recuse myself from participation in particular matters in the Department involving these entities.

SENATOR MCCONNELL

Question 1. In 1989, I initiated a demonstration project under the Child and Adult Care Food Program to test a new method of determining eligibility for participation by low-income children. As you may know, current law states that in order for a for-profit center to receive Federal reimbursements for meals, 25 percent of the children must receive Title XX (Social Services Block Grant) funds. This condition for Federal funding is no longer an appropriate or accurate indication of the number of low-income children attending child care centers.

The demonstration currently underway in Kentucky and Iowa changes the eligibility criteria so that a for-profit center may participate if 25 percent of the children qualify for free or reduced-price meals under the National School Lunch Act. This change conditions receipt of Federal funds on need rather than on receipt of other Federal monies. In Kentucky, over 6,000 children in more than 100 child care centers are receiving healthy, nutritious meals because of this demonstration project.

Will you review this discrepancy in law and consider expanding the CACFP to reach more low-income children in our child and family care centers?

Answer. I believe that allowing the participation of for-profit centers in which 25 percent of the enrollees are eligible for free or reduced-price meals is consistent with the intent of current law and, assuming that funding offsets can be found to pay for the increased costs associated with such a change in the statute, I would support such a change.

Question 2. As you know, I introduced S. 505, legislation designed to reduce the fraud and trafficking abuse in the Food Stamp Program. In this \$26 billion program, millions of dollars are lost annually to fraud, waste, and abuse. The bottom line is simple: our Government cannot afford to lose the taxpayers' money any longer.

I introduced this legislation because of my particular concerns with the trafficking activities occurring in the Food Stamp Program. In FY 92, 763 retailers were found to have trafficked in food stamp coupons, and another 670 stores committed other sanctionable violations under the Food Stamp Act. I by no means believe that all or most of the 213,000 stores authorized to redeem coupons engage in fraudulent activities. However, USDA must be able to investigate suspected cases.

I realize my bill is not the panacea to cure fraud in the Food Stamp Program. At all levels of Government, we need to continue to focus on improving accountability in and management of the Food Stamp Program. I am concerned by the direction the administration has taken in the Mickey Leland Hunger Prevention Act with respect to funding anti-fraud activities by the States.

I was pleased that many of the provisions from my bill, S. 505, were included in the Mickey Leland bill. However, I was surprised to see the proposal to eliminate the enhanced funding that State agencies use to investigate and prosecute food stamp fraud. Cutting the financial assistance for activities that only help to improve the integrity of the program is counterproductive and, I believe, is a step in the wrong direction.

Will you review the proposal to reduce assistance to the States for investigative activities and focus your efforts on improving the management and integrity of the Food Stamp Program?

What further steps will you take to reduce fraud and abuse in our Nation's largest food assistance program to ensure that taxpayers' dollars are spent wisely and the benefits go to their intended purpose of feeding hungry people?

Answer. I support the proposal forwarded by Secretary Espy on April 27, 1993, to establish a uniform rate of 50 percent for Federal reimbursements of State agencies' costs of administering the Food Stamp Program. States currently retain either 25 percent or 10 percent of all claims collected from recipients depending on whether these are fraud or nonfraud based. The money retained is all Federal dollars. These collections, and, therefore, State revenue can be expected to increase as other provisions regarding additional claims collection methods are enacted as put forth by the administration's Mickey Leland Hunger Prevention Act.

I share Secretary Espy's commitment to improving the integrity and management of the Food Stamp Program. The Department's Mickey Leland Hunger Prevention Act includes two full titles of proposals which would add to the Department's ability to recover overpayments from households; strengthen penalties against retail firms that violate the food stamp rules in particularly egregious ways, such as trafficking in food stamps, firearms, or illegal drugs; and authorize the Department to test, with their State agency partners, innovative means of tackling the serious problem of street trafficking.

Proposals to change the Food Stamp Act to improve program integrity and management will be coupled with the Department's ongoing efforts to expand electronic benefit transfer as an issuance alternative. I remain open to suggestions from you or any other Members of Congress on ways to improve the integrity of the Food Stamp Program, and this will remain my commitment, if confirmed, throughout my tenure as Assistant Secretary.

Question 3. In the past, you have expressed concerns regarding the nutritional quality of the food served to our Nation's children, specifically to those in the School Lunch Program, and of the level of nutrition education reaching our citizens. As Assistant Secretary for Food and Consumer Services, you will be in a position to impact both the information on and quality of food reaching our country's consumers—from children eating school lunches to food stamp recipients receiving food vouchers.

Keeping in mind the budget constraints we are operating under, what steps will you take to improve both the nutritional quality of meals and the nutrition education of consumers?

Answer. FNS research currently underway is examining the nutrient content of USDA and non-USDA meals offered to students, the types and nutrient content of foods selected by students, and the nutritional value of foods selected by students. FNS will provide leadership to bring the School Lunch Program into compliance with Dietary Guidelines for Americans, and the 1989 Recommended Dietary Allowances. To assist in implementing the Dietary Guidelines, FNS is also initiating a cooperative agreement with a land-grant university to develop approximately 50 additional recipes for the National School Lunch Program. These recipes are chosen to encourage a diet with a wide variety of foods that are low in total and saturated fats and cholesterol and includes new foods within the vegetables, fruits and grains, milk products, meat and meat alternates.

An alternative method to the current meal pattern for implementing the Dietary Guidelines is being introduced by FNS. This method, called Nutrient Standard Menu Planning, would require that school meals meet a specific nutritional standard rather than a food-based meal pattern. A national demonstration project will be initiated. Training materials are currently being developed. These training materials will be printed for schools participating in the demonstration. Workshops will be conducted at the national, regional and local level to implement the training and the demonstration.

The food assistance programs offer a unique opportunity to provide nutrition education to program participants. I will provide the leadership to strengthen and expand current nutrition education efforts, encourage public-private partnerships and work cooperatively with other USDA and State agencies to develop nutrition education strategies that provide consumers with the best possible advice on improving their diets and their health.

Question 4. As you know, the administrative complexity of our food assistance programs is often mind boggling. From the length of the application to participate in the programs to the eligibility verification process, the paperwork is burdensome and time consuming. As we consider welfare reform and simplification of administrative procedures, we must, of course, preserve measures that ensure accountability and proper administration of the various programs.

What steps will you take to simplify the administration of the nutrition programs, including the Food Stamp Program and the School Lunch and Breakfast Programs?

Answer. As for the Food Stamp Program, I support the proposals in the Mickey Leland Hunger Prevention Act that Secretary Espy forwarded to the Congress on April 27, 1993. In addition to the simplification title, that bill also contains proposals to exclude educational income and change the treatment of transitional housing assistance payments, which will simplify program administration in addition to their other purposes.

If I am confirmed as Assistant Secretary, I plan to meet immediately with my counterparts in the Departments of Health and Human Services and Housing and Urban Development to discuss simplification of our assistance programs as well as other issues. I am deeply committed to simplifying the Food Stamp Program to the benefit of program recipients as well as State agency administrators and, ultimately, taxpayers and all Americans. I will work toward this goal throughout my tenure as Assistant Secretary.

With regard to the school nutrition programs, we have a number of demonstration projects underway to test alternatives to the current requirements for eligibility determinations and meal counting and claiming. We will be reviewing the results of these tests to determine if broad changes to current procedures would be feasible. We will also continue to work with States and local school food authorities to facilitate the certification of schoolchildren for free meals based on contact with Food Stamp or Aid to Families with Dependent Children offices. In addition, we continue to look for ideas to reduce paperwork, and we welcome the opportunity to work with Congress to improve these programs.

Question 5. Last year, Congress passed the WIC Infant Formula Procurement Act, legislation to enhance competition among infant formula manufacturers and to reduce the per unit cost of infant formula. A goal of this legislation was to reduce the cost of infant formula to the States so that more recipients can be brought onto the program for the same amount of money. This law enables the Secretary of Agriculture to solicit infant formula bids on behalf of States participating in the Special Supplemental Food Program for Women, Infants, and Children, and has obvious benefits including increasing participation in WIC and improving competition in the infant formula market.

Will you support efforts to encourage States to have the Secretary bid on contracts for them, and in effect, "Get a bigger bang out of a buck?"

Answer. We currently have interim final regulations in Departmental clearance to implement the provisions of the WIC Infant Formula Procurement Act. In advance of that regulation, we have already conducted an informal survey of all WIC State agencies to determine which might be interested in the Food and Nutrition Service conducting bid solicitation and selection for infant formula rebates on their behalf. We received a response from 27 State agencies. Thirteen indicated they would be interested; six States indicated an interest if the contract were available when their contracts expire; and eight States, who are either involved in another multi-State contract or did not think a group solicitation would be cost advantageous, indicated that they were not interested at this time.

Once the regulations are issued, we will proceed with a bid solicitation and hope the bids will result in even greater rebate savings for the interested State agencies than they would have otherwise obtained on their own.

Question 6a. Recent incidents have underscored the vulnerabilities of our population, particularly children, to foodborne illness. I am pleased that the Food Safety and Inspection Service is working to minimize dangerous pathogens in our meat and poultry supply, yet a major cause of food poisoning is improper sanitation and handling practices.

Will you work to assure that school lunches and breakfasts are prepared with careful adherence to the highest standards of food safety?

Answer. FNS is coordinating with the Food Safety and Inspection Service (FSIS) on task forces dealing with food safety regulations, labeling and education, formed as a result of the *E. coli* food poisoning outbreak.

In the next month FSIS will publish a final rule covering cooking instructions for the processing of cooked ground beef, hamburger and beef patties. When these regulations are published, I can assure you that we will actively promote them among our constituent agencies.

An FSIS task force also achieved consensus on safe handling instructions. FSIS is to issue a directive on the approval of voluntary safe handling labels for ground beef, hamburger and beef patties, initially, and then for other raw products. FSIS proposed a regulation this month for mandatory safe handling labels for all raw products. Again, all these materials will be made available to school food service authorities.

Another task force on food safety education met on March 8, 1993 to achieve the following:

- identify which organizations are developing new food safety education materials and for what target audiences;
- identify which organization have networks for distribution of materials to the State and local level;
- identify particular target audiences which may need food safety information and are not now receiving it; and
- identify potential cooperative efforts.

Finally, the National Food Service Management Institute (NFSMI) has scheduled plans for on-site orientation workshops for school food service workers and directors for this fiscal year. The NFSMI is also planning and developing productions for a "Cooking School of the Air" that will emphasize safe and sanitary preparation of foods for schools.

Question 6b. Will you also use the Human Nutrition Information Service to inform and educate the public and in particular the food service industry on these types of food safety issues?

Answer. FNS is in the planning stages for the development of a new Menu Planning Guide for school food service workers. A major section of this program aid will be devoted to the safe handling of food. Likewise, the Human Nutrition Information Service will work cooperatively with the Food Safety and Inspection Service in its efforts to develop effective food safety information for the consumer.

SENATOR CONRAD

Question 1. The issue of universal meals for school children has attracted considerable attention recently. Universal focuses on removing income eligibility determinations from the school setting and universally providing meals to children.

Such a program may be years away. In the meantime, in what ways could the delivery of meals to children be handled with less administrative burden, with a focus on meeting the nutritional needs of children without the stigma of free/reduced price categorization?

Answer. State agencies and school food service authorities are already making use of the direct certification process, which eliminates the need for applications and substitutes a statement from the welfare office indicating eligibility for food stamps or Aid for Families with Dependent Children (AFDC). This process significantly reduces paperwork for schools and families and means that students do not have to handle applications.

Some schools are still using applications, but their applications can facilitate access to other benefits, such as free textbooks, transportation services or reduced athletic fees. This can substantially reduce the number of forms a student or parent must contend with.

The regulations also include two provisions that allow schools to reduce the frequency with which they must take applications. One allows eligible schools to take applications for free children once every two years. The other allows schools serving free meals to all children to take applications every three years. The two provisions are available to schools with high numbers of needy children. The Department will be working with State agencies to encourage more schools to utilize these procedures.

I will continue to work with States and school officials to identify new ways of delivering nutritional benefits while easing the administrative burden and removing any stigma from participation.

Question 2. How would you plan to address the discrepancy created by the legislative requirement for school food service authorities to offer whole milk, in light of the requirement for them to plan meals in accordance with the dietary guidelines?

Answer. We are currently reviewing the school lunch meal pattern requirements for possible changes in order to assist schools in meeting the dietary guidelines. A part of that review must include an examination of the current statutory requirement that both whole and low-fat milk be offered in all school lunches.

Question 3. I have been impressed with the potential savings the Electronic Benefits Transfer System (EBTS) would bring to the Food Stamp Program. Do you support the continued implementation of EBT's?

Answer. Yes, I support continued implementation of EBT. I believe EBT offers much promise. Evaluations to date indicate that EBT is technologically feasible, virtually eliminates problems with cash change, and provides strong tools to combat trafficking. Impacts on recipients, financial institutions, and food retailers are positive and large majorities of each group prefer EBT to the coupon system.

While it is clear that system participants (i.e., recipients, retailers, and banks) prefer the convenience of EBT and experience some dollar savings, the picture on Government cost savings is not yet conclusive. However, I understand that early results from the Department's research underway in the Maryland, New Mexico, and Minnesota EBT systems are promising.

Question 4. There has been much attention on how Regulation E will effect the EBTS program. As you know, Regulation E would make the State liable for food stamp fraud in excess of \$50. Do you foresee Regulation E seriously restricting EBTS?

Answer. As you know, the Federal Reserve is seeking comments by May 21 before acting on their proposal to apply Regulation E to EBT. I am aware of the major arguments on both sides of this issue. Moreover, the probable effect of Regulation E is not clear. Given the benefits of EBT, I am concerned about anything that has the potential to restrict it and plan to devote careful attention to the issue.

SENATOR CRAIG

[Please refer to pages 99-101 of the hearing transcript for questions 1-6 from Senator Craig.]

Question 1. You have been an outspoken critic of the types of foods served in the School Lunch Program, frequently contending that the fat content of the lunches is too high. Nutritionists are telling us that when examining the healthfulness of our diet we should not look at one particular food or even one particular meal but rather focus on the total diet. How will you approach the issue of the nutritional content of school lunches?

Answer. See hearing transcript for Ms. Haas' answer to this question.

Question 2. How would you define the objectives of the School Lunch Program?

Answer. See hearing transcript for Ms. Haas' answer to this question.

Question 3. You have been a consumer advocate in Washington, DC for many years. Your focus has been primarily nutrition and food safety. How will you bal-

ance your advocacy on those issues with your role as administrator of programs dealing with the reality of fighting hunger in this country?

Answer. See hearing transcript for Ms. Haas' answer to this question.

Question 4. A related question. How do you view your role as Assistant Secretary for Food and Consumer Services in relation to the community groups that supply this country with a healthful and low-cost supply of food?

Answer. See hearing transcript for Ms. Haas' answer to this question.

Question 5. Do you see a legitimate connection between the agricultural sector and the various nutrition programs we have in this country?

Answer. See hearing transcript for Ms. Haas' answer to this question.

Question 6. We sometimes get caught in the discussion of a "good" food versus "bad" food dialogue. What would your definition be of a "good" food and a "bad" food?

Answer. See hearing transcript for Ms. Haas' answer to this question.

Question 7. In the past, you have criticized the USDA for the types of commodities they purchase for donation to the School Lunch Program. Specifically, you have stated that the USDA purchases too much cheese for donation to the School Lunch Program. Your solution to that problem was to have the Department purchase more low-fat cheese. As Assistant Secretary for Food and Consumer Services, how would you deal with your own recommendations given that there are not yet standards of identity for low-fat cheese.

Answer. The recently enacted Nutrition Labeling and Education Act provides for generic standards of identity for modified standardized foods. This means that lower fat versions of standardized cheeses such as mozzarella, cheddar and process American, can now be developed without creating new standards of identity for these products. USDA will work with industry to produce new lower fat versions of these popular cheeses for introduction into healthier school lunch menus.

Question 8. It is my understanding that low-fat cheeses do not taste the same as standardized cheese nor do they exhibit the performance characteristics in cooked foods (pizza, casserole or melted on cheeseburgers). Given that low-fat cheeses may be less appealing and may not be practical for use in school lunches, how realistic do you think it is for USDA to purchase low-fat cheese for school lunches?

Answer. Low-fat cheese products that appeal to school children when used in common recipes such as pizza or cheeseburgers will surely emerge. The Department is currently conducting a test in 2 Philadelphia schools of a low-fat mozzarella cheese (9-percent fat versus 22-25-percent fat for regular mozzarella). This product was prepared using a process developed by the Department's Agricultural Research Service. We agree completely that acceptability to children is a critical standard by which products must be judged for introduction into school lunches. Therefore, with low-fat cheese, as with other new products, we are prepared to conduct test purchases in order to determine which formulations our very important customers will like.

SENATOR BAUCUS

Question 1. What steps will you initiate to improve the efficiency and to reduce the incidence of abuse in the programs administered by your office?

Answer. I share Secretary Espy's commitment to improving the efficiency and reducing abuse of the Food Stamp Program. The Department's Mickey Leland Hunger Prevention Act includes two full titles of proposals in these areas. Among the proposals are amendments to add to the Department's ability to collect claims from households that received overpayments; strengthen penalties against retail firms that violate the food stamp rules in particularly egregious ways, such as trafficking in food stamps, firearms, or illegal drugs; and authorize the Department to test, with their State agency partners, innovative means of tackling the serious problem of street trafficking.

Proposals to change the Food Stamp Act to improve program integrity and management will be coupled with the Department's ongoing efforts to expand electronic benefit transfer as an issuance alternative. I remain open to suggestions from you or any other Members of Congress on ways to improve the integrity of the Food Stamp Program and this will remain my commitment, if confirmed, throughout my tenure as Assistant Secretary.

FNS has a number of initiatives underway to serve WIC clients more efficiently and conveniently, to streamline and promote client access to health care and programs benefits and to reduce benefit delivery costs.

To respond to the identified need for improved WIC food vendor management, we will publish a regulatory reproposal late this summer. These regulations are intended to strengthen State management of vendors and includes regulation of areas such as selection, training, monitoring and sanctioning of vendors. These regulations also promote and facilitate greater information sharing between WIC and Food Stamps.

We also encourage WIC State agencies to pursue automated systems to support client services and manage the program effectively. The Fiscal Year 1994 budget proposal calls for a special \$5 million set-aside to be used to enhance State efforts to develop automated systems.

To stretch food dollars, we will continue to encourage WIC State agencies to pursue cost containment initiatives. This includes infant formula rebates, as well as rebates on other WIC foods.

We will also continue to encourage WIC State agencies to streamline their intake procedures, reduce administrative processing costs and improve coordination and service delivery across programs. As an adjunct to health care, WIC has a number of initiatives underway which are intended to also facilitate service delivery and to reduce costs. For example, WIC now permits applicants who are also recipients of food stamps, AFDC or Medicaid to be deemed automatically income eligible for WIC, thereby removing the income screening process for these applicants. Additionally, WIC has major coordination efforts with other programs serving a similar population. These include Head Start, Healthy Start, Medicaid, Even Start, smoking cessation programs and immunization programs of the Centers for Disease Control and Prevention, and alcohol, drug and tobacco abuse prevention programs of the Center for Substance Prevention. WIC will also continue to work closely with the Indian Health Service and Federal offices serving migrants such as the Office of Migrant Education of the Department of Education and the Office of Migrant Health of DHHS.

SENATOR HELMS

Question 1. Ms. Haas, members of this committee have been assured that the Clinton administration, and Secretary Espy in particular, has no intention of transferring meat and poultry inspection program responsibilities to the Assistant Secretary for Food and Consumer Services. Ms. Haas, is it also your understanding and intention that these programs will not be transferred to the Assistant Secretary for Food and Consumer Services?

Answer. To my knowledge, at this time, the Secretary has no plans for the Department that would transfer responsibility for meat and poultry inspection to the Assistant Secretary for Food and Consumer Services.

Ms. Haas, as you are well aware, USDA-administered feeding programs account for nearly two-thirds of the USDA budget. In regard to the School Lunch Program, there is no member that would argue against feeding truly needy children. However, I have heard that a "universal" School Lunch Program is being contemplated by the administration. What are your thoughts on providing a free school lunch to all children? And on that same subject, do you have any predisposition on the amount of income a family would make—\$50,000 . . . \$100,000—before a child would be ineligible for a free lunch?

Answer. Senate Resolution 303, passed last year, directed the Department to study the feasibility of a universal type school lunch and breakfast program that would provide equal reimbursement to all meals served to children without regard to the family income of the student. That study is underway and the results will be reported to Congress by October 1, 1993. I would note at this time that I do have concerns about the cost and administrative feasibility of a universal school meals program. However, it would be premature at this point to speculate prior to the completion of our feasibility study.

SENATOR GRASSLEY

Question 1. Do you expect to reduce the quantities of meat items purchased by the USDA for the use in domestic feeding programs?

Answer. Presently, USDA's planned level of purchases of meat items will approximate prior years. A major emphasis, however, has been placed on overall fat reduction. For example, the following program enhancements have been implemented during the past several purchasing cycles: (1) 10-percent low-fat beef patties are now nationally available to all participants in the National School Lunch Program, (2)

there has been a reduction to 20 percent from 22 percent in the fat level for bulk ground beef purchases, and (3) the fat content in canned pork has been reduced from 21 percent to 18 percent.

Additionally, the Department has aggressively expanded the varieties of available poultry products. States now have an option of ordering frozen ground turkey and a low-fat, low-skin, all-meat chicken nugget and chicken patty in addition to frozen whole turkey and frozen cut-up chicken.

Question 2. Will you ask Congress for more funds in order to increase the quantities of fresh fruits and vegetables purchased by the USDA?

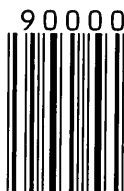
Answer. At this time there are no plans to seek additional funds for the purchase of fresh fruits and vegetables, these food groups in all forms—fresh, frozen, and canned—comprise a significant portion of the total commodities provided to the National School Lunch Program. For Fiscal Year 1992, the Department provided almost 400 million pounds of fruits and vegetables. This constitutes about 34 percent of the total Federal commodity support to schools for that year. We are actively exploring ways to increase the availability of fresh produce to school children. For some time now, fresh fruits and vegetables have been purchased for use in this program. During the current fiscal year, we expect to purchase and distribute fresh tomatoes, potatoes, oranges, apples, and pears. A working group has begun to gather information about existing delivery systems for dry commodities and the delivery and storage requirements for fresh product. State distributing agencies, advocacy groups, and agricultural producers will be asked to contribute to the information base that we need in order to determine how best to expand availability of fresh produce for school lunches. It should also be remembered that school food authorities customarily purchase fresh produce in addition to the commodities they receive from the Department.

Question 3. Would you support legislation to provide entitlement commodities by USDA under a school breakfast feeding program, and would meat and poultry products be included among these commodities?

Answer. The School Breakfast Program is one of our fastest growing programs, and I believe strongly that children need a healthy breakfast in order to thrive and learn. In today's society, it is often necessary for schools to provide that meal, and I support the expansion of the program to additional schools. Currently, a little over half of the schools in the National School Lunch Program participate in the School Breakfast Program. In regard to providing entitlement commodities, it is one option we believe should be considered as we approach the reauthorization of these programs. Current meal patterns for the program provide for the serving of meat to assist schools in meeting this requirement and we are working on lowfat commodity meat products. For example, we are exploring the possibility of turkey sausage, a product low in fat. This would be very acceptable for the breakfast program.



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